War Boosts Gold Value (Page 23)

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The Nation's Business

The Great Stillness Is Well Broken

MR. KING'S war broadcasts were welcomed by the whole country. Between Sept. 8 and Oct. 27 no words of information and inspiration regarding Canada's war effort fell from the lips of Canada's Prime Minister. The Canadian people were beginning to lose touch with the reality of the challenge presented to this country by Nazi ambitions.

Other members of the Government—with the exception of those engaged in the Quebec election campaign—were equally silent on our war aims and purposes. The state-owned broadcasting system skirted all around the edge of the subject without ever actually discussing it.

* * *

THE Prime Minister has now broken the great stillness in two national broadcasts. One set forth in succinct fashion some of the reasons why this country is at war. Another informed Canadians on certain aspects of the contribution this country will have to make.

They are a good beginning. They should be followed by many more broadcasts from members of the Government. These broadcasts should be made by the ministers and not by "spokesmen," as in the case of the Department of National Defense.

Since the war began, The Financial Post has urged more effort by the Government to guide the Canadian people informatively and by inspiration. An emotionless people, little understanding the causes of a conflict, cannot successfully engage in an effective war effort. The Post naturally hails the action of the Government in this respect.

* * *

A FURTHER desirable step would be the immediate implementing of the now-shelved proposal for a short-wave broadcasting station. It could be paid for by the Dominion Government as part of its war cost, but operated by C.B.C. It would be particularly effective in informing the American people on the facts of our just cause. And in the event of enemy bombing interfering with short-wave broadcasting from England, it would be urgently needed.

All these national war broadcasts should be going out to the world by short wave.

* * *

Mr. Lapointe's Victory Triumph of Leadership

RT. HON. ERNEST LAPOINTE has been called Canada's Man of the Hour. Certainly the leadership he gave in the momentous election of last Wednesday is something which will enshrine his name imperishably in the hearts and minds of his fellow-countrymen.

It is not only French Canada and our national war effort which have been vindicated and strengthened by Mr. Lapointe's action. Through the clouds of political inertia which have enveloped Canada, Mr. Lapointe's election campaign comes as a brilliant shaft of courage in political leadership.

Instead of taking a middle position, instead of pussyfooting, instead of hiding behind obscurities of word and deed, Mr. Lapointe chose to risk his political career and fight a seemingly hopeless battle against Mr. Duplessis' attempt at "national sabotage."

* * *

FOR too long the bogey of French Canada's attitude toward the Confederation plan has been hindering national effort and unity. Until the emergency of war came along, the case for unified national thought and action had virtually gone by default.

One reason was the failure of Canadian leaders to risk their political lives for national plans and policies. Our failure to solve grievous depression problems in the fields of unemployment, finance, constitutional reform and the like, can largely be traced to this source.

Ottawa may shortly get another chance to express itself on a matter of great and grave national importance. The forthcoming Rowell-Sirois report is expected to be one which can only be implemented by willingness of political leaders to do another "Lapointe" in the field of federal-provincial relations.

The overwhelming victory in Quebec is a memorable and significant milestone in Canada's war effort. It will be even more memorable if it marks the death knell of political pussyfooting in the conduct of national affairs in general.

* * *

Quebec Election Welds National Effort

DEFEAT of the Duplessis Government in Quebec was regarded across Canada, and even outside of the Dominion, as a victory for national unity, and rightly so. The Dominion Government can now depend on the full support of that province, as well as of the others, in its prosecution of the war.

It is not possible to underestimate the importance of this. Active opposition by the Quebec Government to Canada's war effort would have been a grave and calamitous affair. Now, fortunately, there is no doubt as to the unity of Canada. Thus one of the first results to come out of the war has been the welding together of the Canadian people, French and English-speaking, in common cause.

The election result is an effective answer to other sections of Canada which, not understanding the

(Continued on page 2, col. 2)

C.B.C. Shelves Plans to Better Main Facilities

Ambitious Programme Is Shelved But May Erect Short-wave Station

TO REACH U. S.

From Our Own Correspondent

OTTAWA.—As a measure of war economy, the Canadian Broadcasting Commission has decided not to proceed with large scale improvements in various studios and broadcasting centres. There is nothing permanent in this decision, but the expenditures for the time being are out. This goes for the $800,000 extension and improvement project at Toronto and the plans which had been worked out for Montreal.

With respect to short-wave transmitting, there is an increasing demand for the erection of a short-wave broadcasting station by the commission. It is contended that in broadcasting as in other spheres of war, Canada should be the second line of Britain's front.

If bombers, by a lucky hit, silenced Britain's short-wave transmitters, Canada should be ready to carry on these broadcasts forthwith. And in any event Canada could broadcast by short wave and assure a very large surface of the earth a better hearing than is possible from the British Isles.

Expenditure on a short-wave station is a matter for the Government to decide. The commission has no authority to embark upon such a venture. It is believed that the equipment for such a service could be obtained, temporarily, at a moderate cost. Hitherto the Government has not really considered the matter.

Short-wave Project

The proposal to erect a short-wave station as a national project has been a major aim of the Canadian Broadcasting Corporation for some years.

Both in 1938 and in 1939 representations were made by officials of C.B.C. before the radio committee of the House of Commons urging that Canada proceed immediately with such an undertaking. The Committee approved the plan unanimously but its recommendation has not as yet been implemented by the Government.

Primary objection in time of peace was to the cost. Initial estimates of the cost of establishing a short-wave station in the Maritime Provinces which would effectively link Canada with Great Britain, Europe and other parts of the Empire ranged from $300,000 to $400,000. In addition it was estimated that the cost of operating such a station would approximate $100,000 annually.

When the project was first broached, C.B.C. was busy with erection of five key long-wave stations to give adequate national coverage to Canadian listeners. It was agreed that this took precedence over the short-wave programmes.

Now Deemed Urgent

Completion of the first part of this long-wave programme and the urgency of war has now brought short-wave broadcasting sharply to the fore. Meeting recently at Regina, the local branch of the Canadian Legion urged the need for immediate erection of a powerful Canadian short-wave broadcasting station "to combat enemy propaganda in Canada and the United States."

Contest Awards Expected Soon

Work of Judging Many Entries Now Under Way

More than 100 entries were received in The Financial Post contest on "Investing in War Time."

The editors have begun the task of marking the various papers submitted. It is already apparent that they suffer from an embarrassment of riches.

It is not likely that the entries can be carefully studied and judged in time for the first prize article to appear in the next issue. It may be expected to appear in the issue of November 18, when the name of the winners of the first and second prizes will be announced.

Many of Canada's most competent students of investment entered the

(Continued on page 2, col. 1)

Aluminum Plant Ready Next July

From Our Own Correspondent

MONTREAL. — Aluminum Co. of Canada's new plant near Kingston, designed for production of hard aluminum alloys, is expected to be in operation by the summer of 1940. When first announced it was anticipated that the plant would be operating by May. It is still possible that some production may be forthcoming by that time, but the more conservative view is that the plant will not be ready until later.

When equipped the Kingston plant will be in a position to manufacture plates, sheets, strip, structural shapes, rods, molding, tubes and other semi-finished forms of hard aluminum alloys. Primarily the unit will be used to make hard alloys for the aircraft industry.

Cabinet of Action Is First Need

Country Approves Mr. King's Proud Words—But Unfit Men in Cabinet Should Give Place to Men of Strength and Experience

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Financial Post believes such objectives require:

1. Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.

This is the first plank in The Financial Post's editorial platform for Canada. This platform has appeared weekly on the editorial page of The Post since the beginning of the war.

It is in the spirit of this and other planks in the platform that The Financial Post has been publishing its series of articles on Canada's preparations for national defense.

It is in the spirit of this plank that The Post has urged the Prime Minister without delay to give Canada a stronger war cabinet.

* * *

Prime Minister King's statement of why Canada is at war was a worthy and convincing effort.

Mr. King has been throughout his entire life a passionate apostle of peace. His views on Canada's right to an independent foreign policy are well known. At least once (at the time of the Chanak incident) his stubbornness kept not only Canada but the Empire out of an unnecessary war. Mr. King would not take Canada into war with Britain unless he believed that considerations vital to the Canadian people were at stake. What those considerations are in the present conflict he made abundantly plain in the first of his broadcast addresses last week.

One clear implication of the Prime Minister's statement was that he desires this country to prosecute its war effort with all the zeal and vigor at its command, and with efficiency worthy of the challenge presented. If Mr. King is, indeed, able to arouse himself from his traditional inertia he will have the whole country behind him.

War is a hard taskmaster. It demands of a nation a degree of organization, industry and sacrifice that is possible only under the strongest possible war cabinet. But Mr. King has not got such a cabinet.

Until the Prime Minister has enlisted for service to the country more men of leadership calibre, men of sound administrative experience; until he has greatly strengthened his cabinet, he cannot assure Canada beyond peradventure of a doubt, of a war leadership worthy of our war purposes as he has laid them down.

* * *

While we need a real war cabinet we do not necessarily need a "union" or "national" cabinet. The sweeping victory in the Quebec election of men loyal to Mr. King has rendered futile any discussion of a union government—if indeed the subject was ever in order. A union or bi-party cabinet might be positively dangerous.

Monopolies are bad in government as in business. It is far better to have one major party assume responsibility for the government and to have the second major party assume the equally important responsibility of His Majesty's Loyal Opposition—safeguarding the public interests by constructive criticism and by attack upon inefficiency and political favoritism wherever they rear their heads.

* * *

The country is now united behind the war. The effort of Maurice Duplessis and Paul Gouin to make it appear that the country was divided on the subject of participation in the war has been rejected by an overwhelming vote.

Mr. King thus has today a clear and unequivocal mandate from every part of Canada to get on with the war; to organize this Country's effort quickly, vigorously, thoroughly.

Canada has accepted the challenge flaunted by Germany. Mr. King's response should be to give the country a cabinet worthy of a nation at war.

This he can do by inviting into his cabinet strong men, zealous men, experienced men to fill some of the posts now occupied by tired men, weak men. He should find room for leaders by dropping men whose only qualification is party affiliation or experience in ward politics.

It is an affront to the people of Canada to continue in office, for example, Hon. Ian Mackenzie, a man under whose direction the preparedness programme of Canada was bungled.

In his broadcast address, Mr. King said:

> "Since the entry of our country into the war, the time of the Government has been occupied with the steps necessary to place Canada on a war footing. For weeks before, as the clouds were gathering, we had been quietly, but none the less effectively, preparing for the eventuality of war."

The degree to which the country did **not** "quietly but none the less effectively" prepare has been abundantly demonstrated in articles in The Financial Post.

These articles have shown that those "quiet but none the less effective" preparations included such astonishing acts as these:

Awarding "cost-plus" construction contracts with no price ceiling in them to "selected" contractors known to be personally friendly to the Minister.

Leasing for 10 years at a total rental of $237,000 a building that had just been bought for $62,500.

Awarding a defense equipment contract to a firm consisting of insurance agents without a plant and at a price one cent below the lowest bid of an established producer.

Expropriating a private estate for use as an officers' mess at a cost of $94,446 when undeveloped land was available.

Ordering airplanes on a cost-plus basis without any ceiling to costs and neglecting to provide the propellers needed to fly them.

These are but samples of the typical revealing incidents for which The Post has cited chapter and verse.

The Financial Post could go on almost endlessly with its revelations of incompetence. Yet Mr. King takes no action.

* * *

There is a disposition in some quarters to suggest that criticism of the Government is criticism of Canada's participation in the war. Nothing of the kind. Some of those who are most critical of the blunders that have been made are people whose understanding of the real issues involved in this war is just as great as is Mr. King's—and whose appreciation of the peril of the Nazi challenge antedated any public recognition by Mr. King of that peril.

There is a tendency, too, in some quarters to suggest that criticism of the Government's conduct of our war effort will in some way divide Canada and weaken national unity. Nothing of the kind. The country's heart is in the right place. The Quebec election showed that Canadians are united for a vigorous war effort and merely seek leaders who will lead them. If any division of opinion comes it will be the result of ineffective or inefficient prosecution of war by the Government.

That is a hazard to which the country must not be subjected. It is a hazard which can be avoided by eliminating from the Government any person in whom the people of Canada have lost faith and substituting for him some man whom the whole of Canada can and will follow loyally to the finish of the struggle.

The country has approved Mr. King's fine and inspiring declaration of Canada's war aims. Now let him give the country deeds worthy of those proud words.

Not words but deeds, action, organization will win the war.

Deal in Copper For U.K. Uses Steadies Mart

Agreement on Export Shipments Will Stabilize Industry

PRICE SATISFACTORY

There is general satisfaction with the 420-million-pound deal on copper just concluded between Canadian producers and the British Government.

For the producers, there is the advantage of a stabilized industry, a present price which the producers know gives them a fair profit, plus protection against rising costs, and a stable demand.

For Britain, there is a huge supply of copper under contract at a price that is fixed or which will advance but slightly and with her acquiescence.

Net Over 10 Cents

Only the amount of the copper involved in the deal and its allocation among the Canadian copper producers is so far revealed by the Canadian Government. The price, apparently, is regarded as something the public and shareholders should not know.

It is fairly well established in financial circles, however, that the price is around 10.18 cents net to the producer at Canadian seaboard. This means that the British Government looks after additional costs such as ocean freight, insurance, and taxes, and that once the Canadian producer gets his copper to seaboard his return is over 10 cents a pound.

This is approximately the same price as prevailed when war broke out, that is, the going world price in a market that could be presumed to be free and not unduly inflated by anticipation of war demand.

Fairly Averaged

The following table shows how the deal price relates to the prices representative Canadian producers received in recent years. The first column gives the yearly average price per pound for export copper at New York; the second, the yearly average price per pound at London, expressed in Canadian funds.

	at New York	at London
1938	.10000	.097
1937	.13167	.131
1936	.06474	.095
1935	.08649	.078
1934	.08428	.074
1933	.07025	.075
1932	.05555	.064
1931	.08116	.088
1930	.12982	.134
1929	.18107	.183

A price that is virtually fixed or that is to move only in line with changing operating costs is of real benefit to any industry, and especially to mining. Absence of price fluctuation fosters continuation of most economical operations. There is no inducement such as accompanies a soaring copper price, to mine only high grade ore, or to boost productive capacity to a level that would be uneconomic in normal conditions.

Stabilizing Influence

Another effect is that holding the price at a moderate level discourages development of low grade, high cost properties which upset the market in good times and are unable to carry on in bad, of which the history of copper production in the United States following the last war is a clear demonstration. When the copper price declined from its fantastic heights of the Great War years, many U. S. mines closed down with

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Highlights

Transmission of words by wire and radio is a vital function during wartime in both the military and civil sphere. Outbreak of hostilities finds Canada's communications industry in an excellent position to meet emergency wartime demands.

Annual Communications Supplement—p. 13-20.

* * *

Despite increase of Canadian income taxes to help finance war expenses, taxpayers in Canada carry a far lighter burden than contributors in the Old Country, specially in the lower income brackets.

Income Taxes—p. 9.

* * *

Recent newsprint news has bolstered the optimism of both producers and investors in the industry. Nature and significance of current developments are analyzed.

Newsprint News—p. 21.

* * *

Aluminum, essential in production of aircraft and other wartime requirements, is the subject of the seventh in the series of articles on Canada's war metals.

War Metals—p. 23.

Exchange Body Defrosts Funds

Non-residents May Re-export Capital in New Projects

Foreign Exchange Control Board announces that foreign exchange may be provided, in certain cases, for non-residents where it is desired to re-export capital lodged in Canada since Sept. 15, 1939. A special application is required and the announcement states:

"While it is obvious that the board cannot give an unconditional guarantee in advance that foreign exchange will be provided at any time, it is the present policy of the board to sell foreign exchange where the following conditions are present."

Foreign exchange might be sold by a non-resident to an authorized dealer subsequent to Sept. 15 and the resulting Canadian dollar invested in an entirely new undertaking such as the building of a manufacturing plant, or the development of mineral resources, or in a new addition or extension to an existing plant. The investment must create a new capital development in Canada. This would not include purchase of real estate or other property in expectation of an increase in value, nor the purchase of securities except as this may be incidental to the new capital development.

If the non-resident subsequently sells or liquidates the undertaking, foreign exchange would be sold up to an amount not exceeding the original investment.

This new regulation appears to open the way toward employment of foreign capital in Canada, much of which had been deterred by the realization that it would be frozen in this country so long as existing regulations remained in force.

Hearst Troubles Abate Cash Buying Resumed

Newspaper Chain Puts Current Newsprint Purchases on 30-day Payment Basis After Long Period of Settling With Credit Notes

By JOHN LANGDON
Eastern Editor, The Financial Post

MONTREAL. — William Randolph Hearst's publishing empire seems to be getting back on its feet. At least it is now able to pay cash for current deliveries of newsprint paper supplied by Canadian manufacturers.

For shipments of newsprint from Canada to the Hearst papers during October, payment will be made in cash on the 25th of this month. November shipments will be paid about the same time of the following month.

This is in striking contrast to the previous policy of paying in term and demand notes extending for four months or even longer.

The policy of paying for paper in the month following delivery will continue after November. How long it will last depends, naturally, upon the continued improvement in Hearst's financial position.

Many Are Concerned

This, the latest development in the Hearst situation, which has been a bit of a headache to the Canadian newsprint industry, is of the utmost importance to a number of operators. Especially does it concern Anglo-Canadian Pulp & Paper Mills, Consolidated Paper Corp., Lake St. John Power & Paper, Brompton, and other manufacturers in the eastern area.

Moreover, it is not without interest to some Canadian banks, notably Royal Bank of Canada, Bank of Montreal, Imperial Bank and Banque Canadienne Nationale, which have been discounting Hearst notes.

The manufacturers are feeling more cheerful, but they are not out of the woods yet.

Kept "Ship" Afloat

For some time past they have in effect been financing the Hearst papers and staving off bankruptcy for them. Hearst had to have paper in order to publish. Had the manufacturers been hard-boiled, they might have refused to ship except for cash on delivery. Such a policy might well have thrown the Hearst publishing business into bankruptcy. Rather than do this, long term and even generous credit arrangements were extended.

Hearst (a term used to denote the paper-buying organizations for the various papers controlled by W. R. Hearst) owes the Canadian newsprint companies large sums on account of arrears. These constitute term and demand notes given by Hearst to the manufacturers over the last two or three years. They are questionable assets.

This is clearly indicated in the financial reports of the different companies holding the notes. For example, in Consolidated Paper's report for 1938 it is said: "In the opinion of counsel of the company, the debt ($1,839,074) is secured jointly with others under certain indentures of pledge on various Hearst assets." The auditors add: "We are not in a position to express an opinion as to the ultimate value of this indebtedness."

Owes Small Fortune

Hearst now owes Canadian paper suppliers $10.5 millions for newsprint delivered.

The Hearst group also owes another $4 millions to American manufacturers of newsprint and magazine papers.

At this time, therefore, the Hearst organization has outstanding notes to the extent of $14.5 millions on paper deliveries.

As far as the Canadian suppliers are concerned, the amount now owing is much the same as that reported a year ago. Actually there has been an increase of $250,000.

Concessions

The increase came about in this way: Under the policy set up Hearst was paying for his newsprint paper with short term notes which, in turn, were discounted at the banks.

Earlier in the year a plea was put forward that the Hearst organization had to have more extensive credit arrangements in order to carry on. Accordingly it was arranged that on deliveries of newsprint paper by the Canadian manufacturers from June to September, all but $5 a ton would be paid for in the form of term notes. The remaining $5 was paid in the form of a demand note

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Rogers-Majestic Sales Improved

Sales of Rogers-Majestic Corp. to date are on a much higher level than for the same period last year, an official of the company informs The Financial Post.

Radio sales have shown a more than seasonal upturn and sales of electrical appliances are about the same as last year. Earnings have been more satisfactory and unless an unexpected reversal is experienced in the remainder of the year results for the whole year will be much more satisfactory. Substantial savings have been made in operating expenses.

Much of the increased sale of radios in September was due to purchases in anticipation of price rises, while a substantial portion was accounted for by increased listener interest in war news.

Noranda Profit Up in Quarter

Third Period Earnings Rise to $1.22 a Share

An increase in estimated quarterly net profit to $2,726,721, equal to $1.22 a share, was realized by Noranda Mines Ltd. for the three months ended Sept. 30, 1939. This compares with earnings of $1.11 in the immediately preceding three months.

Estimated net profit of $8,057,375 or $3.60 a share the first nine months of 1939 compares with $6,837,295 or $3.05 a share in the corresponding period of 1938.

Total recovery at $16,631,605 the first nine months of 1939 represents a gain of over $900,000 from 1938, with output of copper anodes rising from 71.2 to 77.1 million pounds in the period. Operating costs were down nearly $200,000 but charges for custom ore were up approximately $730,000 and taxes also gained $75,000. Feature of the nine months statement is a gain in miscellaneous income from $371,495 to $1,307,267.

Ottawa Ready to Play Ball With U.S. on Seaway Plan

From Our Own Correspondent

OTTAWA.—Provided the United States Government is prepared to proceed with the St. Lawrence waterway plan, no obstacle will be put in the way of an immediate start by the Dominion Government.

The quickness with which President Roosevelt moved to revive the project came as the second major surprise to Ottawa. Until the President made his reference to taking down the treaty to "dust it off," Ottawa had no reason to believe that Washington regarded construction of the waterway as a practical proposition in wartime.

The first surprise, of course, was Ontario Premier Hepburn's sudden change from an attitude of antagonism to one of benevolent neutrality.

Quebec Angle

Provided the United States Government is serious in wanting to revive the treaty and begin construction, the recent election in Quebec will materially aid Ottawa. The Godbout Government may put in protests, but it is well understood here that such opposition will not be pressed to a point where progress would be impossible.

Just the same, to meet all criticism which may arise, the Dominion Government is believed to have ordered a new power survey of Ontario and Quebec. The purpose of such a survey will be to demonstrate the need of the development.

Washington Surprised

From Our Own Correspondent

WASHINGTON.—Even the State department was surprised when President Roosevelt so quickly took up the reported readiness of Premier Hepburn of Ontario to go ahead with the St. Lawrence power-seaway development. The State Department regarded the treaty as sleeping and likely to remain so until after the war. Its first intimation that Premier Hepburn had withdrawn his objections came from The Financial Post.

Power Demand Climbs

Official light on the growing demand for power in Ontario, believed to have been chief factor in abating Premier Hepburn's blockade of the St. Lawrence seaway scheme, was thrown by recent addresses by Dr. Thomas H. Hogg, chairman of the Ontario Hydro-Electric Power Commission.

Neither specifically nor by inference did Dr. Hogg refer to the seaway project or Mr Hepburn's reputed consent to its revival. But he made it abundantly plain that, even without the expanded war demand expected to develop before long, Ontario's power load is already growing at a rate requiring early steps to assure a wider margin of available supply.

Alternative Sources

During the next two or three years, he indicated, any deficiencies in supply might be met by various methods, in outlining which he made no mention of St. Lawrence seaway. These methods would include:

1. Advancing scheduled delivery dates for delivery of power purchased from Quebec companies.
2. Diverting surplus power from one Commission system to another, with particular reference to diversion of 25-cycle Niagara system power to the 60-cycle eastern Ontario system through the Chats Falls frequency changer equipment.
3. Development of additional sources of power that can be tap-

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Canada at War

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The New Survey Of Mines Is Slated To Appear Soon

Empire crisis finds the Canadian mining industry vast, mature and on firmer foundations than ever before. Early this month the fourteenth annual edition of The Financial Post Survey of Mines will be available portraying the mining industry in its new and vital role in the Empire cause.

In 1914, the Canadian mining industry was just beginning. In the intervening 25 years, annual mineral production has grown more than 10 times and the mining industry has spread out across the Dominion, pushing back the frontiers, creating important new spheres of Canadian community life.

In recording the achievement of this enterprise, the editors have dug deeply to get all relevant authentic facts necessary for sound analysis of mining development.

Special sections which readers have found so useful for more than a decade are again presented in their familiar form. Mineral production, for the Dominion and for individual provinces, for many years back, price range of stocks, the list of mining plants, dividends paid—all combine to give a comprehensive statistical picture of the nation's richest enterprise.

Mining camps which, during the past year, have moved into the spotlight are included for the first time. Up-to-date maps of chief milling areas have been revised and are reproduced in a manner which, we believe, makes them even more useful than heretofore. Make sure of getting your copy of this essential reference book, by placing your order at once.

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MEN'S SHOP

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Contest Awards Expected Soon

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contest. It was obvious that they desired to be helpful to investors and to utilize the contest as a means of exchanging ideas with other students of investment.

One small club of financial experts entered the contest almost in a body. It is said that the various members have agreed that if one of their number wins first prize he must treat all his fellow entrants among the club members to a first-class dinner at which the problems inherent in the contest can be freely debated.

A heartening development was the submission of articles by a very large number of persons whose only interest in investing is as investors. Their entries in many cases rank equally with those of people who are professionally engaged in finance.

To Publish Winners

The Financial Post has announced its intention of running a number of entries whether they win prizes or not. (These, of course, will be paid for at The Post's regular rates for contributed articles.) As these entries will have to be spread out over a term of some weeks, some entrants may wonder what will be done with the lists they submit. Some of the stocks and bonds selected may have risen very sharply in price, and may not appear as attractive as when they were selected.

This will, indeed, introduce a problem for the editors. They may decide, in publishing the lists, to bring all security prices up to date as of the time of publication.

However, the portfolio selected is not as important as the programme laid down for meeting the problems of investment under war conditions. The elements in a well defined programme cannot be radically altered by developments over a short period of weeks.

The problem posed—that of the businessman investor forced to invest under war conditions—is a problem calling for an outline of sound principles. Thus the entry that best outlines a programme is likely to win out over the entry that merely offers a list of securities to be purchased at this time.

The Nation's Business

(Continued from page 1)

French Canadians or their problems, have been inclined to doubt their loyalty. Many have believed that a large section of the Quebec population wanted a separate French-Canadian republic. The election showed differently. There should now be a better and more sympathetic understanding toward Quebec in other provinces. And it might be mentioned here that most of the misunderstanding arises out of the particularly stupid handling of Quebec in the last war. This time better judgment has been used with excellent results.

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THE QUESTION of Canada's war participation was but one issue in the election. Equally important was the financial record of the Duplessis Government. The electorate realized that as a result of large deficits and sharp increases in debt, finances of the province were in bad shape. They feared that continuance of the Duplessis policies would mean sharp increases in taxes. The French Canadian abhors debt and taxes and he realized, as is shown by the way he voted, that the Duplessis Government was not spending someone else's money but his own.

Neither the war issue nor the provincial debt wholly explain the Liberal landslide. The manner in which Mr. Duplessis called the election, and the reasons for so doing, put French Canadians "on the spot." This they resented bitterly and showed it at the polls.

Mr. Duplessis is out. The debt and other problems he has left for Mr. Godbout and his followers. They face a difficult task.

There is consolation in the knowledge that the Godbout Government will have the ready support of the Federal Government and others in putting the province's affairs in shape. Moreover Mr. Godbout will be able to draw upon a number of first-class men in seeking to give Quebec an efficient and sound administration.

• • •

Adequate Power Supply Vital to War Effort

SPEAKING at Hamilton last week, Dr. Thomas Hogg, chairman and chief engineer of the Ontario Hydro-Electric Power Commission did some plain speaking about the power outlook of the province at the present time.

Said Dr Hogg:

"Everywhere I turn I see the need for more power in the early future, in Eastern Ontario, Georgian Bay, Thunder Bay and Northern Ontario. Even in the Niagara system where many of you think our resources unlimited there may be an early need for more power.

"Within the next two or three months we have to decide as to whether we will secure additional supplies of power in the important Niagara district particularly and those commitments will be pretty far-reaching."

Dr. Hogg's statements confirm the opinion expressed recently in this column on the need for an early decision by Ottawa on the St. Lawrence power project.

When The Financial Post first announced the withdrawal by Premier Hepburn of his opposition to the seaway plan it was contended that war and the difficulty of preserving American neutrality might block U. S. participation at this time. President Roosevelt having reaffirmed last week his eagerness to resume negotiations, the way is open for Canada to answer the U. S. proposal made in May, 1938 and since pigeonholed by us because of Mr. Hepburn's unwillingness to co-operate.

• • •

AS DR. HOGG pointed out at Hamilton, it will be the job of his organization to supply, in war as in peace, vital power—the lifeblood of industry—quickly, smoothly and without fuss or delay. If war demand accumulates as is now anticipated and if the war lasts for any considerable length of time, this responsibility will be not only grave but a difficult one to fulfill. The immediate needs of the province for power could be met by purchase of additional power from Quebec but perhaps the St. Lawrence treaty, with its immediate release of additional energy at Niagara will be the cheapest and most satisfactory plan. Special surveys at Ottawa are now being made to review current supply sources.

What is vitally important is that nothing stand in the way of providing adequate sources of power for Canadian industrial expansion. Once power is curtailed or there is even the threat of curtailment, expansion and war effort are jeopardized. For this to occur would be a national calamity.

In order that Ontario may make a wise and immediate decision in respect of future power sources, clarification of the St. Lawrence treaty plan becomes of first-rate importance.

• • •

Uniform Accounts For Small Communities

WHEN the jobs of village dogcatcher, cemetery caretaker and accountant are combined it is unlikely that a municipality's accounting records will come up to the exacting requirements of a chartered accountant.

This is a difficulty that besets all provinces in efforts to compare financial results of municipalities. There are almost as many varieties of accounting procedure as there are communities. Comparison of results is therefore exceedingly difficult. Publication of vital statistical facts is delayed if not rendered impossible.

A useful attempt to solve this problem was uncovered last week at the University of Western Ontario when municipal officers and accountants met to discuss a municipal accounting manual. A little more than a year ago, E. Graydon Jarmain, Western University graduate, commenced work on the manual under the sponsorship of the Municipal Finance Officers' Association. The University of Western Ontario and the Ontario Department of Municipal Affairs collaborated.

The new manual offers a system that comes within the understanding of the smaller municipality. Forms have been simplified. It has been given a trial in Delhi, Ont., and found satisfactory. When the plan is generally adopted it should prove of great value to investors and municipal officials alike.

Hearst Troubles Abate

(Continued from page 1)

which it was understood would not be presented for payment until Hearst's financial affairs were straightened out.

Half of It "Frozen"

Of the $10.5 millions owing to the Canadian manufacturers of newsprint, roughly $5 millions of the notes is considered "frozen" until such time as the Hearst financial affairs are straightened away. The value of these notes, therefore, depends upon the success achieved in re-establishing the position of the Hearst papers.

The remaining $5½ millions is considered as a revolving fund. With deliveries now on a cash basis, it is possible and likely that this revolving fund will be reduced in size over the coming year.

Canada's Largest Customer

The Hearst newspaper chain represents the Canadian newsprint industry's largest customer. It buys around $17½ millions of paper a year in this country.

In years past Hearst dominated the newsprint market. His newspapers, at one time, consumed as much as 600,000 tons of newsprint paper annually. Under recent conditions purchases amounted to as much as 400,000 tons. Just now his requirements probably do not exceed 350,000, i.e., his purchases in this country do not exceed that figure.

Last year Canada produced over 2.6 million tons of newsprint paper. Thus about one out of every eight tons of paper produced in this country was on account of the Hearst papers.

Where Credit Counted

The manner in which Hearst "got into" the Canadian newsprint manufacturers is one of the most interesting chapters in the long and varied career of the Canadian industry.

Hearst created a publishing empire, which for size and dominance has never been equalled. Hearst, personally, was considered one of the wealthiest men in the United States. His papers were prosperous. His business was much sought after by all paper manufacturers. No one ever questioned his credit standing. Because of his enormous purchases, Hearst dominated the newsprint market. At times he used this power to disrupt the marketing plans of the producers.

The depression years brought hard times to Hearst, just as it did to other American publishers. But the glamour of the Hearst name, his scale of living and his tremendous buying power, blinded the newsprint manufacturers and others to the changes which had taken place in the Hearst fortunes.

No One to Question

When Hearst asked for credit from the newsprint manufacturers, it was readily granted without security. No one questioned his ability to pay.

In 1937 when American publishers were piling up reserves in anticipation of the price increase at the beginning of 1938, Hearst was among the most active of the buyers. He was allowed to buy paper on terms and to such an extent that it considerably complicated the problem created by the overbuying of the American publishers during 1937.

By the beginning of 1938 the industry was aware of Hearst's financial position. They knew that he was not in a position to pay cash for his newsprint purchases. They still had faith in his ability to pay because of the tremendous assets under his control.

At this time and up to the early fall months of 1938, Hearst was buying paper on credit notes without collateral.

The amount of money involved had become of such importance to the individual companies, which had discounted the notes at the banks, that in August last matters came to a head.

Banks Take a Hand

Previously arrangements had been made with the Chase National Bank, New York, and a group of Canadian banks, whereby the necessary cash credit was established until certain of Hearst's assets were liquidated.

It was recognized that Hearst's difficulties were due to a lack of cash. His holdings were enormously valuable, but the depression and other causes had placed him in a position where he was embarrassed by lack of financial liquidity.

Strengthen Collateral

However, in August the Canadian newsprint operators and banks felt that the security back of the notes was not sufficient for their protection. Accordingly a new arrangement was entered into whereby certain assets were hypothecated with the Chase National and the Canadian banks against the notes issued to the newsprint manufacturers. This collateral is still in force.

Recently because of circulation increases and the fact that Hearst had been forced to use up his surplus newsprint reserves, Hearst has been seeking larger deliveries of paper. The manufacturers opposed this on the ground that if there was an improvement in earnings power of the Hearst papers, then better arrangements should be made for the payment of paper deliveries.

Deal is Announced By Acadia Sugar

New Ontario Company to Pay $3 Millions for N. S. Concern

A new Ontario company, Acadia Sugar Refining Co., has been formed to acquire the assets of the former Nova Scotia company of the same name on slightly different terms from the previously announced deal with Anglo-Dutch Refining Co. It is said that Anglo-Dutch Refining took advantage of a clause of its contract, which had been accepted by Acadia Sugar, to withdraw if war started.

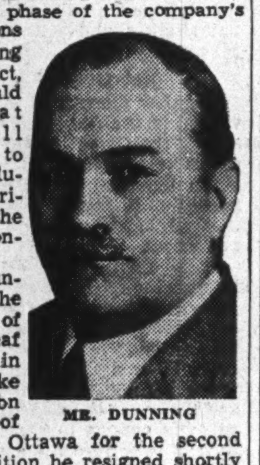
The new Ontario company is to pay $3 millions in cash for the assets of Acadia Sugar and plans to carry on the management under present officers with D. R. Turnbull continuing as managing director and secretary.

Capitalization of the new company is 800,000 class A no par value shares and 200,000 common shares. Of these 300,000 class A and 100,000 common shares have been issued.

President of the new Acadia Sugar Refining Co. is P. R. Gardiner of Gardiner, Wardrop & Co., Toronto. Salter A. Hayden, K.C., Toronto, is vice-president and a director. The only other director announced as yet is Thomas J. Dillon, New York. All three of these men are directors of Atlantic Sugar Refineries Ltd., Saint John, N.B.

Dunning Joins Board Ogilvie Flour Mills Co.

Ogilvie Flour Mills Co. has elected Hon. Charles A. Dunning a director and vice-president. There is no word as to what phase of the company's operations Mr. Dunning will direct, but it would appear that he is well equipped to bring valuable experience to the milling concern.



MR. DUNNING

Mr. Dunning left the presidency of Maple Leaf Milling Co. in 1935 to take the position of Minister of Finance at Ottawa for the second time, a position he resigned shortly before the outbreak of war because of failing health. In the last war Mr. Dunning served as director of food production for Canada and prior to that had been organizer and general manager of the Saskatchewan Co-operative Elevator Co.

When the King Government was defeated in 1930, Mr. Dunning joined the C.P.R. and ran the Seigniory Club organization for a period. Later he was active in reorganizing Consolidated Paper Corp., leaving this job to become president of the Ontario Equitable Life and later Maple Leaf Milling.

Deal in Copper Steadies Market

(Continued from page 1)

widespread ill-effects, but many of them remained constantly ready to start up when copper prices moved up.

Volume of copper contracted for represents approximately 80% of current annual production, most of the remainder being already contracted for in Canada.

The following table shows the amount of copper, in pounds, which the British Government will buy from each Canadian producer, and the production in 1938:

	Deal in millions of pounds	1938
International Nickel	237.7	292.1
Noranda Mines	69.7	76.4
Hudson Bay M. & S.	50.7	54.8
Sherritt Gordon	23.8	29.0
Waite Amulet	23.8	—
Aldermac	7.9	12.4
Normetal	6.4	4.7
Total	420	586

Waite Amulet's new plant is just getting into operation this year, so that its smallish 1938 production is not significant. The same situation prevails with Normetal, which has been stepping up its production and which will have to increase very considerably its 1939-40 output to meet the British demand.

Missing from the list are Consolidated Mining and Smelting Co., Granby Consolidated, and Britannia. Granby is selling its entire output of concentrates to Japan under special license. Should this contract not be renewed when it expires next summer, Granby is said considering construction of a smelter. In that case Granby would likely seek inclusion in the British deal. Britannia, another which produces only concentrates, ships to Tacoma for smelting and some of its pyrite has been going to France.

Consolidated Mining and Smelting has made a separate deal with the British Government, it is understood. Lead and zinc are its chief interests with its copper production relatively small.

Investment Trusts

	Bid	Asked
Affiliated Fund	3.83	4.19
Can. Inv. Fund ex-div.	4.15	4.55
Can. Amer. Trust	3.75	4.15
All Can. Trustee	12.50	13.25
Grouped Income	....	6.25
Trans Canada	13.25	14.35

FOUNDRY FOR RENT

Well equipped grey iron casting foundry, approximately 7,000 square feet, with additional cleaning and tumbling room of approximately 2,700 square feet, sprinklered and heated. Good trackage. Available immediately. Will lease for reasonable period.

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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Dominion—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Canada Treasury Bills	Oct.	[illegible]	....	Feb. 1 '40	$25,000,000	99.784	.[illegible]%

Harding Carpets Outlook Improves

Since the first of September, Harding Carpets Ltd. has experienced a heavy demand for all types of its products for immediate shipment, The Financial Post is informed.

This is attributed by company officials to three causes. In the first place, this is a well-defined seasonal buying period for carpets. Anticipation of price increases due principally to the war is another factor. It is pointed out, however, that carpet prices in Canada were due for some rise in any case as material costs were going up gradually. Higher prices had been announced in the United States and Great Britain last summer which were not followed by Canadian mills. Finally there was the possibility of an actual scarcity of goods because of war conditions.

Earnings the past year will not benefit from any price increases as these did not go into effect until Nov. 1, when a 10% increase was made, with prospects for further raises later.

Company officials tell The Financial Post that there is a possibility that the increased shipments of the past two months are largely going into retail and wholesale inventories.

Last year Harding Carpets, with a 17% decrease in sales, had a net profit of only $1,617 as compared with $66,321 in 1937. Dividends at the regular 20 cent annual rate have been continued and should be covered from the past year's earnings.

Dominion Textile Increases Wages

Blair Gordon, president of Dominion Textile Co., has announced a 10% increase in wages, effective immediately. The increase will cost the company nearly $1 million annually for the 11,000 employees of the company.

The rate is effective from Oct. 30, and applies to all employees in all Dominion Textile Cotton Mills situated throughout Quebec.

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BANK OF MONTREAL
ESTABLISHED 1817

DISTILLERS CORPORATION - SEAGRAMS LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, DOMINION OF CANADA)

AND ALL SUBSIDIARY COMPANIES

Officers and Directors

President: SAMUEL BRONFMAN, Montreal
Vice-Presidents: ALLAN BRONFMAN, Montreal. H. F. WILLKIE, Louisville, Ky.
H. F. GLASS: *Comptroller and Secretary-Treasurer*

SAMUEL BRONFMAN	Montreal	ALLAN BRONFMAN	Montreal
HARVEY D. GIBSON	New York City, N.Y.	THOMAS H. MCINNERNEY	New York City, N.Y.
AIME GEOFFRION, K.C.	Montreal	WILLIAM B. CLELAND	Toronto
FRANK R. SCHWENGEL	New York City, N.Y.	H. F. WILLKIE	Louisville, Ky.
JAMES E. FRIEL	New York City, N.Y.		

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REPORT OF DIRECTORS

TO THE STOCKHOLDERS:

Your Directors submit herewith their eleventh Annual Report on the operations of your Company for the fiscal year ended July 31st, 1939, together with a Consolidated Statement of Earned Surplus and Profit and Loss and Consolidated Balance Sheet as at July 31st, 1939, as certified by your Auditors.

Profits

The consolidated net profits for the fiscal year were $6,566,313.44 as compared with $7,313,504.45 in the preceding year, both after absorbing all selling advertising and administration expenses and providing for all accrued taxes. After provision for dividends on the Cumulative Preferred Stock 5% Series, the profits were equal to $3.29 per share, as compared with $3.75 per share in the preceding fiscal year, on the 1,742,645 shares of Common Stock outstanding.

Dividends

In addition to paying the regular quarterly dividends on the Cumulative Preferred Stock 5% Series totalling $832,125, your Directors authorized the payment of four quarterly dividends of 50c. per share on the Common Stock, thereby distributing $2.00 per share for the year, totalling $3,485,290.

Surplus

Under the By-law creating the Cumulative Preferred Stock 5% Series, the Company is required on or before February 1st, 1940 and annually thereafter, to appropriate a Sinking Fund for the retirement of such Preferred Stock equal to 3% of the total Preferred Stock issued prior to the close of the preceding fiscal year.

In accordance with the provision of such By-law your Company has complied with the full Sinking Fund requirement effective on February 1st, 1940 by purchasing on the market 5,100 Preferred Shares of a par value of $510,000, at a cost of $442,905.08, which amount has been charged against Earned Surplus. Capital Surplus has been credited with $510,000 representing the par value of the shares retired and cancelled.

After providing for dividends and Sinking Fund requirement previously referred to, totalling $4,760,320.08, the Consolidated Earned Surplus of your Company was increased during the year to $28,367,383.24, representing a gain of $1,805,993.36.

Sales

The consolidated net sales of your Company's products show an increase during the year, having amounted to $84,787,807.12, as compared with $81,577,919.30 in the previous year.

The consumer demand for quality products continued to increase during the year and your Company's products have more than maintained their enviable position in the markets of the United States and Canada.

The results obtained have been accompanied by the continuation of the Company's policy of maintaining its quality advertising and energetic selling campaigns to the fullest degree. The total cost of these activities has been absorbed in the operating expenses of the fiscal year.

Finance

Our financial position has been further strengthened during the year. It will be observed from the Balance Sheet that total current working assets exceeded all liabilities including long term bank loans, by $40,517,808.50. Working capital has been increased during the year by $2,774,859.74. The borrowing Agreements with your Company's Bankers were renewed during the year at lower interest rates.

Capital Expenditure

The policy of adopting the latest improvements in distillery equipment in order to keep our plants up to the highest degree of efficiency has been continued through the year. Advantageous installations were made, at a net capital expenditure of $889,254.09, to our plants, principally in connection with improved distillation, fermentation and dried grain equipment and related buildings, together with storage facilities for bottled merchandise. In adopting these improvements it was found desirable to make certain changes in existing buildings and equipment and in this regard the sum of $304,567.05 has been charged off against the earnings of the year under the caption of Loss on disposal of Capital Assets. The necessary cost of maintaining all our plants at the highest degree of efficiency has been charged in the operating expenses of the fiscal year.

Capital Structure

Your Directors accepted during the year an offer on behalf of the Bronfman family, major stockholders of your Company, to purchase 5,000 shares of Preferred Stock at its par value of $100 and accrued dividends, per share, thus increasing the total issue of Preferred Stock to $17,000,000. As previously stated 5,100 shares of Preferred Stock were retired and cancelled out of Sinking Fund appropriations, thereby reducing the total outstanding Preferred Stock to 164,900 shares as at July 31st last. Since the close of the fiscal year we have similarly purchased and retired an additional 800 shares.

Your Directors are pleased to again record their appreciation of the continued loyalty and faithful service of all the officials and employees of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS,
SAMUEL BRONFMAN, President.

Montreal, October 23rd, 1939

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Consolidated Statement of Earned Surplus and Profit and Loss for the Year ending July 31, 1939

(EXPRESSED IN CANADIAN CURRENCY)

Earned surplus, balance July 31, 1938			$26,561,389.88
Sales, less freight and allowances		$84,787,807.12	
Less: Cost of goods sold		58,144,838.45	
		$26,642,968.67	
Miscellaneous income, discounts, exchange, etc.		149,608.54	
		$26,792,577.21	
Selling, general and administrative expenses	$16,397,507.20		
Director's fee	1,000.00		
Salaries of executives including those of subsidiary companies	381,907.37		
Legal fees	200,316.86		
Interest (net)	393,878.48		
Provision for depreciation (see footnote)	133,166.05		
Loss on disposal of capital assets	304,567.05		
Loss on liquidation of a subsidiary company, including goodwill $19,065.25	72,022.46		
		17,904,365.47	
Profit before provision for income and profits taxes		$ 8,888,211.74	
Provision for income and profits taxes		2,321,898.30	
Balance of profits for the year ending July 31, 1939			6,566,313.44
			$33,127,703.32
Deduct:			
Dividends on Cumulative Preferred Stock 5% series		$ 832,125.00	
Dividends on Common Stock		3,485,290.00	
Appropriated for retirement of Preferred Stock 5% series		442,905.08	
			4,760,320.08
Earned surplus at July 31, 1939, per balance sheet			$28,367,383.24

Note: Depreciation provided during the year amounted to $1,100,178.72 of which $947,012.67 has been charged to cost of production and $153,166.05 as above.

Consolidated Balance Sheet, July 31, 1939

(EXPRESSED IN CANADIAN CURRENCY)

ASSETS

Current Assets:		
Cash in banks and on hand	$ 1,983,025.01	
Accounts receivable after providing for doubtful accounts	8,520,616.12	
Deposits on grain futures contracts (the aggregate amount of the contracts was $1,373,100.00, market value $1,195,675.00)	304,287.74	
Inventories of whiskies and spirits as shown by Government records, warehouse reports and physical inventories, valued at cost, including duty, taxes and freight where such have been paid, and inventories of raw materials and supplies at cost of purchase	41,663,794.70	
		$52,471,723.57
Unexpired Insurance and Other Items Chargeable to Future Operations		923,070.53
Investments, at cost less reserve:		
Quoted securities, at approximate market value	$ 16,681.61	
Unquoted securities	5,133.90	
		21,815.51
Land and Buildings, Plant, Machinery and Equipment, at cost with the exception of certain properties which are carried at depreciated reproductive appraisal values of $888,192.51 as determined by the Canadian Appraisal Company Limited at November 1, 1926, plus subsequent additions at cost	$19,057,098.39	
Less: Reserves for depreciation and amortization	5,718,085.29	
		13,339,013.10
Trade-Marks, Bottling and Blending Rights and Goodwill, stated at the excess of the declared value of 1,500,000 shares of Distillers Corporation-Seagrams Limited issued in March 1928, in exchange for the entire issued capital of Joseph E. Seagram & Sons, Limited and Distillers Corporation Limited over the net tangible assets of those companies as shown by their books at the date of the exchange, plus subsequent additions		10,691,172.92
		$77,446,795.63

Note: A very substantial majority of the assets, liabilities, sales and earnings reflected in the above Consolidated Balance Sheet and related Surplus and Profit and Loss statement are located in or originate in the United States. These statements are as usual expressed in Canadian currency, which at July 31, 1939 was on a parity with United States currency.

LIABILITIES

Current Liabilities:		
Notes payable to banks	$ 2,500,000.00	
Accounts payable and accrued liabilities	1,643,664.71	
Dividend on Cumulative Preferred Stock, payable August 1, 1939	207,000.00	
Provision for Federal, Provincial, State and Municipal taxes in Canada and the United States	3,526,320.89	
		$ 7,876,985.60
Advances under Bank Credit Agreement Maturing July 12, 1944 (Unsecured) repayable in United States currency		5,000,000.00
Capital Stock:		
Cumulative Preferred Stock:		
Authorized—200,000 shares of Cumulative Preferred Stock of the par value of $100.00 each United States currency	$20,000,000.00	
Issued—Cumulative Preferred Stock 5% series of the par value of $100.00 each United States currency, redeemable at the option of the Board of Directors at $105.00 per share United States currency:		
165,000 shares issued as at July 31, 1938	$16,500,000.00	
5,000 shares issued during the year ending July 31, 1939	500,000.00	
170,000 shares	$17,000,000.00	
5,100 shares redeemed during the year ending July 31, 1939	510,000.00	
164,900 shares		16,490,000.00
Common Stock without nominal or par value:		
Authorized—2,300,000 shares		
Issued —1,742,645 shares		19,202,426.79
NOTE: Options covering 20,000 shares of common stock at $22.00 per share have been given to certain officers of United States subsidiary companies. Warrants to purchase until October 31, 1941, 164,900 shares of common stock at $30.00—$32.00 United States currency per share, have been issued to the holders of the Cumulative Preferred Stock 5% series.		
Surplus:		
Capital surplus arising from the redemption of Cumulative Preferred Stock 5% series	$ 510,000.00	
Earned surplus, as per statement attached	28,367,383.24	
		28,877,383.24
		$77,446,795.63

NOTE: In addition to the liability for taxes included in the above consolidated balance sheet, taxes, computed at present rates, of approximately $500,000.00 would be exigible on the receipt by the Parent Company of the total combined surpluses of subsidiary companies in the U. S. A. The necessity for a complete distribution of these combined net surpluses may never arise, and the policy will be followed of providing for such taxes, as may arise, in the fiscal year, in which dividends are received by the Parent Company.

Approved on behalf of the board: S. BRONFMAN, Director. H. F. WILLKIE, Director.

★

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the consolidated balance sheet of Distillers Corporation-Seagrams Limited and its subsidiary companies as at July 31, 1939, and the consolidated statement of earned surplus and profit and loss for the fiscal year ending on that date. In connection therewith we examined or tested accounting records of the companies and other supporting evidence and reviewed the system of accounting control and procedures of the companies by methods and to the extent we deemed appropriate, and obtained all the information and explanations which we required, but we did not make a detailed audit of the transactions.

We report that, in our opinion, based upon such examination, the attached consolidated balance sheet is properly drawn up so as to exhibit, in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year, a true and correct view of the state of the combined affairs of Distillers Corporation-Seagrams Limited and its subsidiary companies as at July 31, 1939, and that the attached statement of consolidated earned surplus and profit and loss correctly sets forth the results of operations for the year ending on that date; according to the best of our information and the explanations given to us and as shown by the books of the companies.

Montreal, October 18, 1939

RICE, WATERHOUSE & CO., Auditors.

London Calling—By Atticus

Chamberlain Measures Up to New Wartime Standard of Showmanship — Atticus Sees New Sober-minded Carol Heading Balkan Defense Bloc

LONDON.—There is neither disloyalty nor discourtesy in saying that a considerable section of Mr. Chamberlain's followers have wondered whether he would prove equal to the task of leading the country in wartime. No one doubted his determination nor his judgment, but there were real misgivings as to whether his showmanship would be equal to the task.

"Showmanship" is a vulgar word, but we live in a vulgar age. There is no room for the whispered thought or the measured sentence. Our ears have been so blasted by the monstrous sounds that emanate from the cinema amplifiers and the loud speakers of the banquet-hall that we cannot hear anything quieter than a factory whistle. War has accentuated the passion for noise and flamboyancy. Once upon a time the spokesmen of warring nations vied with each other in a contest for dignity. Now, at any rate in Germany, they use the radio for blackmail or burlesque and treat truth as if it were an old Jew caught by a company of storm troopers in the market place.

Logic Not Enough

Even after the war started Mr. Chamberlain prepared his speeches as if the world were still sane. The content was admirable, but the language was precise and the argument legalistic. The public wanted headlines, and it was given logic. It wanted tears, and was given reasoned argument. Mr. Chamberlain's critics said that he was being splendidly honest, but that it wasn't war. They said the public wanted to feel, not to think. Let me confess that I found myself agreeing with them to a considerable extent. In wartime a nation's leader should speak with words of fire.

Therefore, one waited with unusual interest to hear how the Prime Minister would answer Hitler's latest bid for a settlement.

Chamberlain's Answer

When Mr. Chamberlain rose he received a loud cheer from almost all parts of the House. His manner was confident, and there was a vitality that made itself felt at once when his voice filled the chamber without the least straining for effect. I have not heard his voice sound to such advantage for a very long time. What is more, his soul seemed cleansed of all the perplexities that have dogged him since taking the supreme political office. There was no attempt at irony, no calculated unexpectedness or cautious ambiguity. Instead, there was a ring of greatness about his language which held the House transfixed:

"Looking to the future, we can see that deep changes will inevitably leave their mark on every field of men's thought and action, and if humanity is to guide aright the new forces that will be in operation all nations will have to play their part."

There is both style and substance in those words. Mr. Chamberlain has always possessed the gift of clarity. Here he achieves it without stripping the words of feeling or cadence.

But surrender to wrongdoing would spell the extinction of all hope, and the annihilation of all those values of life which have through centuries been at once the mark and the inspiration of human progress.

Here at last we were being given a philosophy to light the lamps of human understanding.

"It is for Germany to make her choice."

Thus he ended his speech. No one could have done it better.

A Changed Carol

King Carol of Roumania celebrated his forty-fifth birthday last week. His kindly people showed their affection for him with renewed warmth because of the tragic happenings of the last few weeks. The rise of King Carol from an ever-publicised figure of romance to a strong political force is one of the striking stories of recent years. The Totalitarian States are so strident that we are apt to forget the monarchies of Europe and the part that Royalty plays.

There are kings in Greece, Jugoslavia, Bulgaria, Roumania, and Italy. There might be a king again in Hungary. This link of Royalty is by no means of gossamer. King Carol is working hard for the Balkan Federation, with Italy as a benevolent patron. If Turkey is included we may yet see a union of ninety million Balkan people without trade barriers, with a common political policy, and a combined system of defense. Thus, from the cockpit of Europe may emerge the Federation that will ensure the peace of the future.

From the Saar to Rio

There is an element of topicality in the appointment of Sir Geoffrey Knox as our Ambassador to Brazil, for it was he, of course, who presided over the Saar in the tempestuous days before it returned to the Reich.

Mr. Knox, as he was then, had what may be called a preview of Hitler's methods. In June, 1933, the Fuehrer signed an agreement with the French that neither Government would influence the voters of the Saar in any way before the plebiscite was taken. Almost at once Mr. Knox reported to the League that Germany was keeping her word by establishing a vast system of espionage with private denunciation of people holding anti-Hitler views. Death penalties were threatened by the Nazis and terrorism was rampant. The German Front retaliated by accusing Mr. Knox and his colleagues of betraying official secrets to anti-Nazi newspapers. Mr. Knox at once sued them for libel. How little the Nazi technique has altered from its first faltering beginnings!

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Dysart Calls N.B. Election

Opposition Will Attack Financial Record of Government

From Our Own Correspondent

SAINT JOHN.—The New Brunswick Government is seeking a renewed mandate from its electors, a provincial election having been called for Nov. 20.

Announcement of the election by Premier A. A. Dysart came as somewhat of a surprise. Prior to the outbreak of war an autumn election was expected, but the war resulted in a postponement of plans.

The term of the Government does not expire until next summer. The Government feels, however, that "an election campaign would be most inopportune in the spring or early summer of next year when every effort should be directed to other matters. In consequence, the Government has decided to seek at once a renewed mandate."

Second Provincial Election

This is the second provincial election to be called since the outbreak of war. However, as compared with the Quebec election, it will be a quiet affair. There will not be the same national significance and the issues will be less contentious. Canada's participation in the war will play no part in the election. All parties in New Brunswick are behind the Dominion Government in its war programme.

A number of candidates have already been named. The Conservatives nominated a number of their candidates early this year.

Opposition Changes Name

The principal opposition to the Dysart Government has signified a desire to be known as the New Opposition Party, rather than by the time-honored badge of "Conservative." It advocates "streamlined democracy." In this connection it claims "the New Opposition Party has been revitalized and has new blood in its veins." Actually, under the leadership of Hon. Fred C. Squires, it is merely the Conservative Party under a new tag.

Neither Conservatives nor Liberals have made formal announcements of their platforms. The Liberals, however, are likely to seek re-election on the basis of their record. In this connection the highway construction programme will be featured.

The Conservatives are expected to attack the financial record of the Government. In this connection they are likely to make capital of the taxation increase and the sharp increase in debt in recent years. Net debt has increased from $48 millions in 1934 to $77 millions in 1938.

Quebec Vote Backs Ottawa's War Policy

Means No Early General Election or Conscription — First Task of New Quebec Government Will be Credit Restoration

From Our Own Correspondent

OTTAWA. — When the Quebec election returns broke over Ottawa, followers of both major parties experienced something akin to the rapture of victory after a general election.

The defeat of Premier Duplessis is generally regarded here as a great stroke to forge Canadian unity. Few could foresee how, in the event of a Duplessis victory and the withdrawal of the Quebec ministers from the cabinet, a Dominion general election could be avoided. And back of an election held under such tragic circumstances was the distinct threat of sectional splits and possibly obvious civil disturbances.

The first result of the election, therefore, is the killing of any chance of the existing Dominion Parliament being dissolved until late in 1940. And as Parliament does not actually expire until early 1941, a very brief extension of its life would postpone a general election until after the 1941 session.

The second major result of the Quebec contest lies in the issues involved in it. In supporting Rt. Hon. Ernest Lapointe, the electors of Quebec voted for something definite. They accepted his covenant that French-Canada agrees to unlimited voluntary participation in the war. There must not be conscription but, apart from conscription, no limit is placed upon what Canada shall do in this war against Hitlerism.

Restore Credit

From Our Own Correspondent

MONTREAL.—A major task to be undertaken by Quebec's new Government immediately upon its acceptance of the reins of office is restoration of the credit of the province to its former position.

Victory of the Liberal forces under Hon. Adelard Godbout has been heralded far and wide as endorsation of Canada's war effort. It is even more an emphatic disapproval of the financial record of the Duplessis Government. The huge increase in debt played an important part in turning votes against the Duplessis administration. The electorate apparently feared continuance of the trend of recent years would be sharp increase in taxes.

No Easy Task

In putting finances of the province in order the new government is faced with no easy task. The gap between revenues and expenditures is enormous. Achievement of a really balanced budget presents a problem. The over-all deficit in the year ended June 30 last, after providing for ordinary, extraordinary and capital expenditures, was $49.3 millions.

One of the excuses given by Premier Maurice Duplessis for the large increase in funded debt during his term of office was the legacy of unfunded debt left him by the former government.

The Duplessis Government is leaving a similar and even greater legacy for the government-elect. Treasury bills of the Quebec Government in the hands of the banks run into millions of dollars. In addition, there are millions of dollars of unpaid warrants. Some road contractors have not been paid for several months. There are also commitments which the new government will find difficult to avoid.

This means the new government will have to float a large loan in the near future, especially as it has a $13.7 millions maturity on Jan. 2 next.

Flotation of large loans by Quebec will be difficult.

As was pointed out during the election campaign, Quebec's credit has been adversely affected by the financial trend of the past three years. This has been indicated not only by the price of Quebec bonds, but the difficulty the province had in selling the issue it offered in the Canadian market last March.

Market More Receptive

Without doubt, defeat of the Duplessis Government will mean a better response on the part of the Canadian bond market to a Quebec loan. Investors are not worried about the ability of Quebec to carry its present burden of debt. They did, however, fear the probable results of continuance of the fiscal policies of the Duplessis administration.

A change in fiscal policy to narrow the gap between revenues and expenditures will do much to restore the confidence of investors. Prices of Quebec bonds advanced as soon as the result of the election was known.

As soon as it takes office, the new government is expected to start cutting expenditures. The highway construction programme is likely to be curtailed. In fact, work has already been suspended on a number of road projects pending study of the question by the new government.

Better Relations With Ottawa

In future there will be better relations between Quebec and Ottawa. Premier Maurice Duplessis was continually attacking the Dominion Government and his policy from the outset was one of non-coöperation. Because of his refusal to provide Ottawa with certain necessary information, Quebec did not get as much as it could have for relief purposes.

Prospects are also brighter for a solution of the problems of the City of Montreal. To a very large extent the Duplessis Government ignored the Montreal situation. Now, however, a real attempt may be made to solve the financial difficulties of the city.

Reorganization of the Conservative party in Quebec may be one of the results of the election. The National Union, headed by Premier Duplessis was to some extent an outgrowth of the Conservative Party and by many was regarded as Conservative in everything but name.

In some quarters it is suggested Premier Duplessis will have a difficult time holding together his National Union Party. Dissension in the ranks is reported. Certainly, many of his followers no longer have a high opinion of his political strategy.

As for Paul Gouin and the Action Liberale Nationale, they are likely to disappear from the political scene, for the time being, at least.

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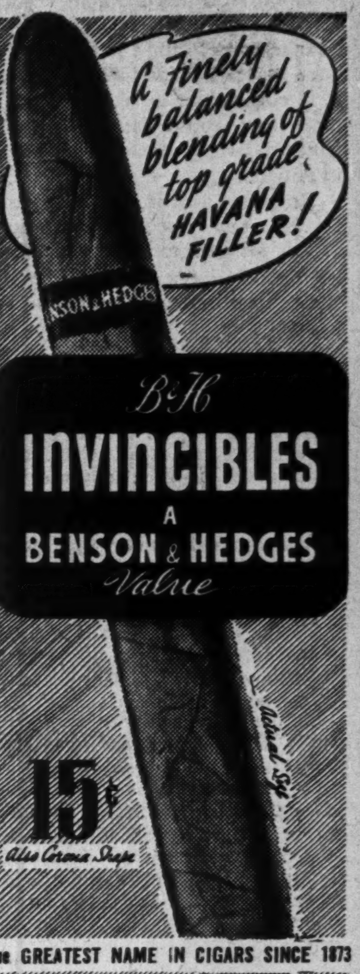

The GREATEST NAME IN CIGARS SINCE 1873

Survey Reveals Interest In Home Building Active

Interest in home building and renovation is active and general (or was up to outbreak of war) throughout the Dominion it is indicated by a survey recently made for Canadian Johns-Manville Co.

The enquiry was undertaken by an independent organization as a cross-section sampling survey, to follow up the response from thousands of Canadians to the company's advertised offer of a "home idea book." The company sought to learn whether the widespread demand for copies of the book sprang from mere curiosity or from definite plans for home building and remodelling; and the income status of those asking for the book.

Of those surveyed, average income was at the surprisingly high level of $2,920 and average age was 34.1 years.

Ottawa Has Difficulty Keeping Overhead Low

From Our Own Correspondent

OTTAWA.—Although the Dominion Government is making some effort to curtail ordinary expenditures, the returns show only a minor reduction in ordinary outlay this year in comparison to 1938. This statement is based not upon the public figures on Government expenditure which are issued from month to month and which are usually well in arrears of the actual position. It is made after enquiries which revealed the position now. Normal expenditures are now slightly lower than last year but no great diminution is looked for in the current fiscal year.

The reason given by officialdom why it is "not possible" to make great savings on the normal costs of government are as follows:

The war broke out when five months of the fiscal year had passed and when all the appropriations approved at the last session had either been spent or committed for expenditure.

Maintains Old Contracts

The Government has decided not to break existing contracts, even though contractors have not yet begun operations.

Such special drains on the treasury as unemployment continue almost as great as last year. The war has not yet developed business to the point where unemployment is seriously affected. And the decision, taken after consultation with the British Government, to limit the size of the Canadian army, prevents a final solution of the unemployment problem by way of the recruiting offices.

The estimates for the next fiscal year, will, it is promised, see the appropriations for normal expenditures cut to the bone. Without cancellation of existing contracts or the stoppage of work now in hand, no great saving this year is possible, it is argued.

In the 1914-18 war, the civil service was expanded by nearly 100%. This time there has been only a slight increase in the civil service. And although, as the war develops, it may be impossible to avoid large-scale hirings, the Government is taking measures, so far effective, to avoid it.

Readjusting and Service

One of the first policies adopted by the Government was to forestall a drastic reduction next spring in the ordinary business of government. Therefore all staff is being sieved to make available for war work clerks, stenographers and so on. A great pool has been created and to date most of the work of war has been done by people transferred from other departments.

What this means may be gauged by the fact that pay sheets, including allowances for dependents and so on, have to be kept for every man in the active service force. In the last war a clerical staff running into thousands of people was used. This time the work has been done by a staff drawn from an existing or expected surplus of people already on the payroll. Likewise most of the special boards have been manned in this way.

C.P.R. Profits Rise Sharply

September Net Earnings Show Increase of $2.1 Millions

From Our Own Correspondent

MONTREAL. — Net earnings of Canadian Pacific Railway at $5.8 millions in September were $2.1 millions higher than in the same month last year.

Gross earnings for the month were $3.5 millions higher, while operating expenses increased $1.3 million.

For the nine months ended Sept. 30, net earnings show an increase of $5.3 millions over the corresponding period of last year. Gross earnings for the period were up more than $5 millions, while working expenses were $276,328 lower.

May Earn 30 Cents a Share

Expectations are that net profit of the C.P.R. this year will approximate the 1937 level when 30 cents a share was earned on the common stock. Income from such sources as steamships, hotels and telegraphs may be somewhat lower, but earnings from railway operations will be higher. Net earnings from railway operations will be at the highest level in a number of years.

Gross earnings in September were higher than in any corresponding month since 1929 and net earnings were higher than in any corresponding month since 1930.

	—September— 1939	1938
	$	$
Gross expenses	19,323,814	15,785,277
Oper. earnings	13,501,859	12,133,871
Net earnings	5,821,955	3,651,406
Nine Months Ended Sept. 30		
Gross earnings	105,444,422	100,346,135
Oper. expenses ...	92,739,013	93,015,342
Net earnings	12,705,409	7,330,793

British Columbia Seeks To Control Its Expenses

From Our Own Correspondent

VANCOUVER.—With lower revenue in several important departments indicated for next year, the British Columbia Government is faced with the necessity of cutting expenditures.

Hon. John Hart, Minister of Finance, has appointed R. A. Pennington to co-ordinate provincial expenditures and to assist the various departments in the preparation of their budget requirements.

The Finance Minister has to save as much as he can from current revenues to help meet maturities due during the next two years. More than $4 millions will fall due in 1940, and the following year $24 millions of bonds and stocks mature.

Nova Scotia Appoints Minister of Industries

From Our Own Correspondent

MONTREAL.—Creation of a Ministry of Industries, aimed at expansion of present industries or establishment of new ones, has been announced by the Nova Scotia Government.

George E. Hagen, member of the Provincial Legislature for Halifax West, has been sworn in as Minister of Industries in the Provincial Cabinet.

Appointment of such a minister has been under consideration for some time, according to Premier Angus L. Macdonald. The necessity of such a department would seem to be greater now than ever, he said.

Call Tenders on Materials For 17 Aircraft Hangars

Tenders for supply of building materials for construction of 17 aircraft hangars, 12 at Nova Scotia ports and five on the B. C. coast, have been called by the Defense Purchasing Board. (Duties of the Board are being taken over as from Nov. 1 by the War Supply Board.)

REGAL ADVICE

● "The White Rabbit put on his spectacles. 'Where shall I begin, shall it please Your Majesty?' he asked. 'Begin at the beginning . . .' said the King." Reading Lewis Carroll's famous story one realizes that the King's weighty remarks have an important bearing on modern merchandising. If you are planning to introduce a new product to the market follow this regal advice: Begin at the *beginning* — think of "Cellophane" first.

The record of "Cellophane" in modern merchandising is firmly established; careful surveys show that products packaged in "Cellophane" cellulose film sell faster, more consistently. Its sparkling transparency attracts attention; visible packaging in "Cellophane" is a *proven* means of securing consumer interest.

In preliminary merchandising discussions, therefore, *start* with a consideration of "Cellophane." Find out *first* whether it can be used successfully in packaging *your* product; it may save much of your time and money in the long run. We have had very considerable experience in packaging and merchandising; whether the use of "Cellophane" could be successfully applied to your product is a matter which we would be glad to discuss with you.

C-I-L *Write "Cellophane" Division, Canadian Industries Limited, Box 10, Montreal, Que.*

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M-42

Investment Trends

Stocks Mark Time, Lag Behind Business

Commodity Price Reactions May Account For Some of the Hesitancy — Wide Range of Performances Already Noted

Stock markets continue to mark time. The needed stimulus to push prices to new highs seems lacking although, on the other hand, there is little evidence of forces in operation to bring about a serious decline. Taking the New York market as an example, stocks have not been able to move higher than the levels reached immediately following the declaration of war. Since then business indices have shown great gains but still there is a lag in investor confidence.

Much the same conditions prevail in Canada. Our markets were later in completing the recovery following the declaration of war and have actually made larger gains when measured on a percentage basis. It is claimed, with a good deal of reason, that stocks are no higher than they would have been had there not been a war but rather a continuation of the signs of business improvement that were evident in August.

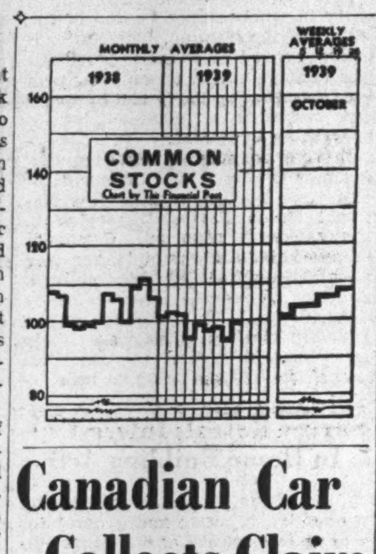
In other words, this school of thought maintains that the stock markets have not yet taken any real steps to discount the impetus of orders for raw materials in this country, perhaps because the orders themselves have still to be placed. In the United States, of course, the uncertainty with regard to the changes in the neutrality act work against any sharp discounting of the possible effect of buying from belligerents.

* * *

Commodity Prices

The same caution that is evident in investors interested in the stock markets can be seen in those who follow the commodity markets. This may have been the source of certain disappointments to many who looked on the outbreak of war as self-evident basis for bidding up basic commodities. This has not proved to be the case, however, and much of the early rise has been erased in some lines. J. S. McLean, president of Canada Packers, discusses this condition in an address made recently and which is reviewed elsewhere in The Financial Post.

But the fact that a large group of investors holds that rising commodity prices are practically essential to similar action on the stock market may have deterred this group from bidding for stocks because of this uncertain action of commodity prices.



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Some Sharp Moves

It may have been thought by some investors that all stocks had participated in the strong advance of September and October on Canadian markets, but this has not been the case. Some groups, notably banks and telephone and telegraph securities, have actually declined since the outbreak of war while others have not much more than held their own. Probably the unexpected action of commodity prices, and particularly metal prices, accounts for the relatively poor showing of mining stocks. On the other hand, low-priced and more popular groups, of which the best example is the pulp and paper issues, have made remarkable advances.

Most industrial stocks have given an excellent account of themselves as is shown by the tabulation that follows which is based on D. B. S. indices.

	Aug. 24	Oct. 26	Gain %
Pulp & paper	9.5	25.5	168.4
Transportation	8.8	18.3	107.9
Machinery & equip.	101.3	152.1	50.1
Textiles & clothing	57.1	84.8	48.6
Bldg. materials ...	112.9	165.4	46.5
Milling	76.9	106.9	39.0
Oils	139.2	191.0	37.2
95 common stocks	90.0	108.7	20.8
Beverages	109.7	126.7	15.5
Power & traction ..	54.0	60.6	12.2
Industrial mines ...	369.7	410.7	10.9
Base metals	294.6	311.2	5.6
Gold stocks	104.7	109.0	4.1
Food & allied prods.	175.0	180.7	3.2
Banks	84.1	81.9	—2.6
Telephone & t'graph	127.8	124.3	—2.7

* * *

U. S. Investment Trusts

The three months ended Sept. 30 included the first month of the war and also the first few weeks of shutting out of influence of the U. S. stock markets on Canada. Thus it might be supposed that some of the large United States investment trusts might have done some liquidation of Canadian holdings, at least between the declaration of war and the imposition of restrictions.

There is, however, little actual evidence of such a trend. A study of several of the larger U. S. investment trusts shows only a few changes in Canadian holdings. On balance purchases of International Nickel shares in the three months ended Sept. 30, exceed sales. On the other hand, sales of Aluminium Ltd. shares exceed purchases. Two other stocks shown are Ford Motor Co. of Canada which was again sold and International Paper & Power common which was sold by one trust.

Regent Knitting Mills Ltd. Workers Go on Strike

From Our Own Correspondent

MONTREAL.—About 500 workers are on strike at the St. Jerome plant of Regent Knitting Mills Ltd.

The strike arose out of differences between the company and its employees in regard to wages. The matter had been placed before the Quebec Fair Wage Board, but the workers went on strike before the board had reached a decision. Wages paid by the company are those set by the board.

A representative of the Department of Labor of the Dominion Government is arbitrating the dispute.

Canada Foundries Sales And Earnings on Upgrade

From Our Own Correspondent

MONTREAL.—Canada Foundries & Forgings volume of business and earnings for the year to date are well ahead of those for the like period of 1938. The betterment is officially said to be in no way associated with the Dominion's war efforts.

September brought forth the best sales of the present year, all branches of the company's activities sharing in the gains. The improvement which was shown last month is continuing and the management anticipate that operations will be maintained during the balance of the year.

Canadian Car Collects Claim

Old Case Ends With $5,871,105 Award to Company

From Our Own Correspondent

MONTREAL.—Agency of Canadian Car & Foundry Co., wholly-owned subsidiary of Canadian Car & Foundry Co., has been awarded $5,871,105 by the German-American Mixed Claims Commission in satisfaction of a claim arising out of the sabotage of its Kingsland, N.J., plant during the war.

Original amount of Canadian Car's claim approximated $6 millions and accrued interest at the rate of 5% per annum. Against it are chargeable, to an unstated amount, United States income tax, legal fees and other costs.

Big Sum Involved

Last June when the commission ruled in favor of the company's claim, Canadian Car stated it was not in an official position to calculate just how much it would receive out of the award, but estimates placed the net figure at less than $3 millions.

In some quarters it is believed that the company will net as much as $5 millions out of the award, but this is considered doubtful in view of the oft-reported though unconfirmed statement that at least half of the award will be swallowed up in legal fees.

Fighting for 21 Years

For nearly 21 years Canadian Car and others who suffered damages from the Black Tom and Kingsland explosions have been carrying on the fight for substantiation of their claims.

Following conclusion of the war, all American loss claims alleged to be due to German sabotage, and including the claims of Agency of Canadian Car and Foundry Co., Lehigh Valley Railway, Bethlehem Steel Corp., various insurance underwriters and private individuals, were filed with the United States Government.

The German Government sequestered with the Commission cash funds estimated at some $25 millions to be held against total American claims, pending judgment of the Commission.

Investment Notes

Canadian Car—Ordinary stock came in for attention this week on the announcement of awarding of the company's claim before the German-American Mixed Claims Commission for sabotaging of the Kingsland plant during the war. While the net amount received by the company may be considerably less than some have anticipated, still the receipt of this award ought to strengthen materially the company's working capital position.

* * *

Distillers-Seagrams—As at Oct. 27, 1939, Sam and Allan Bronfman, through holding companies, held an interest in this company of 866,331 shares of common and 29,650 shares of preferred stock. At the end of last July there were 1,742,645 shares of common and 164,900 shares of preferred issued. Top salaries paid by the company and its subsidiaries last year went to Samuel Bronfman, who got $50,000, and James S. Friel, Frank R. Schwengel and H. F. Willkie who each received $40,000.

* * *

Power Corp.—Improvement in the market value of Bathurst stock should find reflection in the position of this company. Power Corp., as far as is known (it does not make public its investments), is the holder of a large block of Bathurst stock.

* * *

Waterloo Manufacturing Co. — A working schedule of 20 hours a day is reported in effect in some departments because of activity in the manufacture of machinery and other equipment to make war munitions. This company was recently reorganized with a substantial writing down of capital. Financial statements have not been issued since 1937 but a report is said to be expected shortly.

Food Prices Seen Stable In This War

Canada Packers Head Says Conditions Different from Great War

BRITISH BUYING POLICY

The current war's effect on food purchases is going to be greatly different from that of the last war, said J. S. McLean, president of Canada Packers, in an address recently before the Institute of Meat Packers, Chicago. Last time, Mr. McLean pointed out, control was imposed only in the middle of the third year, but in 1939 control began with the first hour of the war.

Mr. McLean says that: "It is still too early to be sure, but one wonders whether a new pattern has been discovered for price control in wartime." He points out that prices in England and France have actually been maintained on a more stable basis than in neutral countries. A factor, he says, in this stabilization of food prices was the large reserve stocks built up in Great Britain. Great Britain has also contracted for adequate supplies of many essential foods for the duration of the war and at prices not seriously higher than the pre-war level. "Already it seems almost certain that the wild price advances of 1918, 1919 and 1920 will have no counterpart in the present war."

Buy Exportable Surplus

First step taken by Britain was to buy, for the duration of the war, the total exportable output of primary products of all the colonies and dependencies and some of the Dominions. Sugar, vegetable oils and wool were thus obtained; the sugar from the British West Indies, the Malay States and Australia; vegetable oils from Africa, India and the South Pacific dependencies; Australia and New Zealand are to sell to Britain for the period of the war, and a year thereafter, their surplus of wool, butter, cheese and dried fruit. The fact that Australia and New Zealand maintain their currencies in direct relationship with the English pound aided this last transaction.

May Hold Normal Levels

Mr. McLean refers to the "abnormal profits" made by the farmer and the meat packer in the last war, only to be followed by deflation.

"When deflation was over," he says, "everyone realized how much better it would have been if prices had never advanced to sudden abnormal levels.

"It may be that in this war controls may be so effective that commodity prices will be held at something near normal levels. If so, there will be no great inflation profit and, consequently, no great deflation losses, and the resumption of normal conditions at the end of the war will be a much simpler problem, both for the individual business and for the community at large."

Wheat and Bacon

Great Britain looks to North America chiefly for wheat and bacon among its food supplies. Canada already has enough wheat stored to supply the Allies for more than a year. The prevailing price for Canadian wheat, approximately 70 cents a bushel, is "a low price for wheat, in wartime, but I can see no reason for any substantial advance above that price during the present crop year," said Mr. McLean.

With regard to bacon, the effect of the good crop of grain last year in Canada is now being felt in shipment of hogs. "Recently marketings of hogs in Canada have been the highest in 10 years. It had been expected that heavy deliveries would, in September, bring about a substantial price decline. However, the war has obviated that decline and all the bacon has been taken at steady prices."

Price Adjustments

In the confusion of war the only word so far received by Canadian packing firms was that Britain would take all available bacon at pre-war prices. Just recently Canadian shippers have been advised that the British authorities were making an adjustment for higher shipping and insurance charges, equivalent to approximately eight shillings per cwt., for all arrivals from Sept. 1. "All Canadian shippers considered this a fair adjustment."

The British Food Administration has asked the Canadian Government for a price on a definite quantity of bacon delivered weekly over a one-year period. Mr. McLean expects that within two or three weeks a contract will be made and admits "that the British Ministry are making a strenuous effort to fix the price at approximately 95 shillings. In other words, at a price equivalent to the market at the outbreak of war."

U. S. Buying Delayed

With regard to possible purchases in the United States of bacon, Mr. McLean feels that there is not much likelihood of a large demand in the coming year. A continuation of Danish, Swedish and Dutch shipments may be the deciding factor. A point against large shipments in the United States is the present heavy discount prevailing on the pound. He feels that present British and French deposits in that country are likely to be maintained for possible emergency purchases of war munitions, rather than buying food supplies which can probably be purchased from other sources, perhaps for credit.

In his company's own American operations, he says, "We are planning on the assumption that no American products from this season's pack will be required, except perhaps moderate quantities of lard and of ham."

J. E. McCready Sets Up Own Investment Firm

From Our Own Correspondent

MONTREAL.—J. E. McCready has resigned as director and sales manager of Eastern Securities Co., to form his own company under the name of J. E. McCready & Co. The new firm will have headquarters in Saint John and will take over the Maritime business of Laurence Smith & Co., which recently went into voluntary liquidation.

Market Opinions

Lack of any decisive action on the stock markets over the past few weeks has made commentators somewhat cautious, although weight of opinion still supports the expectation of higher prices.

* * *

Barron's, New York (The Trader)—"What is being preached and practised in business is being followed in the stock market. Speculation is restrained. Prices are being moved slowly by investment influences. As a consequence of the slow tempo, the flood of rising dividends tends to be obscured, yet the contrast in resultant stock yields with those of bonds—which on the average have advanced marketwise over four points since the low of Sept. 6, as against only five points for industrial stocks—cannot be overlooked. Not out of such a divergent trend does a liquidating movement in stocks usually develop."

* * *

Barron's, New York (The Dow Theorist)—"It remains to be seen whether the averages are merely retreating to take an early running jump at the highs, or whether a test of the recent lows is in the making."

* * *

Journal of Commerce, New York (Jules I. Bogen)—"One factor that has contributed to the marked stability of stock prices during October, at a time when boom conditions in industry would normally have made for higher prices, has been persistent sales of American stocks by British buyers. The effect of this foreign liquidation upon the course of stock prices is all the greater because most of the selling orders are executed at times when the market is rising. In fact, as prices advance, such offerings increase, holders of larger blocks particularly utilizing such opportunities to dispose of their shares. On the other hand, when prices weaken, offerings from abroad tend to dry up. The net effect of this is that liquidation of British holdings has been a stabilizing influence in the stock market."

* * *

The Financial World, New York—"In major upward movements, investors must expect temporary recessions, but the interests of the intelligent investor would be better served if he would pay less attention to short term market trends and the so-called war brides, giving weightier consideration to the broad fundamental causes which constitute the axis around which markets revolve."

* * *

The Annalist, New York—"Failure of stocks to respond more strongly to favorable business developments during the past several weeks has, of course, been due to the uncertainties connected with the war. This indifference, however, cannot be expected to continue indefinitely in the face of accumulating favorable business and earnings records."

Steel of Canada's Plants at Capacity

Building New Furnace — Profits Ahead of Last Year

From Our Own Correspondent

MONTREAL.—Steel Co. of Canada plants are currently operating at full capacity.

In a statement accompanying quarterly dividend cheques, Ross H. McMaster, president, states: "Shipments during the third quarter gained steadily in comparison with the previous year, and by September reached record proportions. October operations continued at full capacity."

The surge of buying which followed the outbreak of war raised the volume of tonnage booked to proportions that compelled withdrawal from the market in a number of lines. This was the only alternative available in view of the company's policy of avoiding price advances as far as possible. Higher costs of materials and supplies, as well as exchange, have already pushed costs in an upward direction.

Demand to date has been confined almost exclusively to regular products of the company. However, in view of prospective needs for war requirements, the company is proceeding with construction of a new 150-ton open hearth furnace in order to provide additional ingot production.

Profits in the current year to date have been somewhat higher than in the same period of 1938.

C.N.R. Earnings Advance Sharply

Net Revenue in September Up $3.6 Millions Over Last Year

From Our Own Correspondent

MONTREAL.—Sharp increase in earnings in September is reported by Canadian National Railways. Net revenue for the month amounted to $6,304,642, an increase of $3,643,203 over the corresponding month of 1938.

The improvement is entirely due to an increase of $4,795,674 in operating revenue. Operating expenses increased by $1,152,471.

For the nine months ended Sept.30, net revenue shows a $9 millions increase.

Month of September	1939 $	1938 $
Oper. revenues	22,645,303	17,849,629
Oper. expenses	16,340,661	15,188,190
Net revenue	6,304,642	2,661,439
Nine Months Ended Sept. 30	1939 $	1938 $
Oper. revenues	142,245,937	130,337,434
Oper. expenses	135,593,583	132,792,688
Net revenue	6,652,354	d2,455,254

d—deficit.

Bulk of O'Connor Estate In Candies Investments Ltd.

Estate of Senator Frank P. O'Connor, who died Aug. 21, was valued at more than $6.5 millions for succession duty purposes.

Senator O'Connor, founder of two of the continent's best known candy chain stores, Laura Secord Candy Shops in Canada, and Fanny Farmer in the United States, made many donations to charity during his life. His will continued this with large distributions to Laura Secord employees and for numerous charitable purposes.

Bulk of the estate was included in a personal holding company, Candies Investments Ltd., in which Senator O'Connor held 1,996 shares out of 2,000 shares capital stock outstanding.

Holding Company

Candies Investments Ltd. was valued at nearly $4.5 millions. This personal holding company was incorporated with an Ontario charter. The will of Senator O'Connor describes the function of the company in the following words:

"I have used Candies Investments Ltd. as a convenient medium for acquiring and holding real estate, shares of other companies and securities of various kinds together with various other assets and generally have used Candies Investments Ltd. for the purposes of a personal holding company . . ."

Shares and stocks held in the estate and filed with the Ontario Treasurer's Department reflect Senator O'Connor's varied interests. There are a number of shares of clubs and charitable organizations. Next in size was high-grade bonds which totalled $1.8 million.

Estates such as that of Senator O'Connor normally include shares without marketable value. In many cases they cannot be regarded as errors in investment judgment, but as investments made on behalf of friendly associations, without regard to their ultimate value. They usually remain dormant in large estates with holders neglecting to weed them out.

Following is the list of assets in the O'Connor estate, and a description of bonds and shares held, with market values at the time the estate was filed for succession duties:

	$
Real estate	10,501
Book debts and promissory notes	2,000
Insurance	166,955
Cash	58,721
Bonds	1,761,574
Stocks	4,515,730
Miscellaneous	5,974
	6,521,455

Bonds and Debentures

Face Value $	Description	Market Value $
5,000	Eglinton Hunt, 6/49 ..	1
65,000	Ontario, 3/51 plus int.	65,108
1,150,000	Dom., 3/55 plus int. ...	1,146,156
500,000	Dom., 3¼/66 plus int. .	508,606
36,500	Dom., 4½/58 plus int. .	41,703
		1,761,574

Stocks and Shares

Shs.	Class	Company	Market Value $
20	C	Granite Club	1
$400 int.	C	Eastbourne Golf ...	1
50	C	Toronto Baseball ...	nil
5	C	Lakeview Golf	1
1,000	C	Hattie Gold Mines ...	1
118	C	Ace Check Writer ...	nil
*	P	Ace Check Writer ...	nil
1	C	Briars Golf Club	1
27	C	National Trust Co. ..	5,184
1	C	Carlton Club	10
1	C	Lambton Golf	160
1	C	Scarborough Golf ...	1
5	C	Glen Mawr Golf	nil
1	C	Orchard Beach Golf .	1
5	C	Power Corp. of Can. .	43
4,000	C	Algoma Mining	30
100	C	Normont Gold	nil
1,000	C	Kashabowie Mining .	1
25,000	C	McKenzie Red Lake .	29,250
1,000	C	Mandy Mines	100
25	C	Wellesley Hospital	1
1,040	P	Maple Leaf Gardens .	6,760
209	C	Maple Leaf Gardens .	1,097
3,000	‡	La Paz Oil Corp.	nil
1,000	C	Limited Investment .	1
1,975	C	Chemical Research ..	395
6	C	Stateman Publishing .	1
44	C	Columbus Club of Tor.	1
20	C	Newman Club Ltd. ..	1
5,800	C	Macassa Mines	24,940
2,000	C	Candies Invests. Ltd.	4,447,748
			4,515,730

C—Common shares, P—Pref. ‡V.T.C. *11-80/100.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	425.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.9	57.2	172.5	127.6	132.9	62.0	85.1	44.4	103.7
Apr.	111.1	11.5	71.4	162.9	35.1	169.2	116.9	119.3	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
June	114.2	12.4	77.4	153.2	56.2	179.2	124.7	128.8	60.8	85.0	43.7	97.0
July	118.0	12.7	75.0	154.0	59.8	182.1	124.8	129.5	59.2	85.0	42.7	97.3
Aug.	108.6	11.1	76.0	147.9	60.1	180.5	117.7	121.6	56.8	84.3	40.9	94.2
Sept.	132.8	19.1	99.8	164.6	71.9	170.8	108.5	145.3	53.8	78.4	42.2	100.1
Weekly Figures:												
Oct. 5 ..	141.7	21.3	104.3	170.0	76.2	174.2	115.1	152.9	56.1	79.2	44.6	101.0
Oct. 12 ..	144.8	21.3	107.5	179.7	78.6	175.0	118.2	153.7	57.6	78.6	45.5	103.4
Oct. 19 ..	151.5	23.1	108.6	189.7	82.9	179.1	120.0	163.2	59.8	80.0	46.0	107.3
Oct. 26 ..	151.1	24.8	107.0	191.0	84.0	180.8	124.5	165.0	60.6	81.9	46.2	107.9

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Oct. 31	127.09	113.53	91.17	33.43
Oct. 30	128.64	113.96	92.20	33.78
Oct. 28	128.98	114.87	92.13	33.87
Oct. 27	128.78	114.36	91.70	34.14
Oct. 26	129.11	114.77	91.95	34.16
Oct. 25	129.18	115.07	92.06	34.49
Month ago ..	119.77	105.19	88.90	34.74
Year ago	126.29	121.89	101.42	30.74
High, 1939 ..	129.85	128.95	104.12	45.00
Low, 1939 ...	97.75	100.35	75.59	21.07

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Oct. 31	66.3	92.1	83.5	145.88	99.91
Oct. 30	66.8	93.2	84.4	150.73	99.68
Oct. 28	66.8	93.1	84.4	151.29	99.59
Oct. 27	66.5	93.0	84.2	155.52	100.69
Oct. 26	67.0	93.8	84.9	155.01	102.20
Oct. 25	65.6	93.2	84.0	154.76	101.66
Month ago .	62.7	85.9	78.2	136.31	92.42
Year ago ..	67.9	85.3	79.5	140.19	124.90
High, 1939..	70.1	93.8	84.9	155.52	126.48
Low, 1939 ..	55.9	63.2	62.7	50.78	86.66

McColl Takes Texaco Assets In West Areas

Offer Shareholders Rights to Finance $1.8 Million Deal

OWN PROFITS RISE

From Our Own Correspondent

MONTREAL.—Extension of McColl-Frontenac Oil Co. operations in the Prairie Provinces and British Columbia is indicated in the arrangements made by the company to take over the assets of the Texas Co. of Canada, according to a statement released by J. A. Wales, president.

At the same time it was officially announced that for the first eight months of the current fiscal year to Sept. 30, consolidated net earnings of McColl amounted to $489,178, or 64.8 cents a share on the outstanding common stock. This was after full provision for bond interest, depreciation, taxes and deferred dividends and compares with 37.6 cents earned in the 12 months ended Jan. 31, 1939.

Take Over February 1

In regard to the deal with Texas Co. of Canada, McColl will take over as of Feb. 1, 1940, that company's physical assets in Saskatchewan, Alberta and British Columbia, including the marketing outlets in these three provinces.

The fixed assets are to be purchased at the depreciated book value, which figure is said to be below the current appraisal value placed on the entire assets by an appraiser appointed by directors of McColl. All receivables are to be purchased at the book value and will be guaranteed by the Texas Co.; inventories at the laid down cost, but not exceeding replacement cost. Total cost of fixed and current assets will be approximately $1,850,000.

Pay Stock and Cash

Under the terms of the purchase agreement, payment to the Texas Co. of Canada is to be made up to but not exceeding $1,454,540 common stock at $10 per share in Canadian currency and the balance of the purchase price, approximately $400,000 is to be paid in cash, but the shares are being offered first to the company's shareholders for subscription.

Accordingly directors have authorized an issue of 150,910 shares of common stock. These will be offered to shareholders at $10 a share on the basis of one new share for each five shares presently owned. This offer is made to shareholders of record Nov. 15.

Terms of subscription are 20% payable on or before Jan. 2, 1940, and 80% on or before Feb. 1, 1940.

Effect on Payment

Shares so subscribed for and allotted to shareholders will reduce the number of shares to be issued to the Texas Co. of Canada and the cash amount of payment will be correspondingly increased. Should the new shares be subscribed to in their entire amount, outstanding common stock of McColl will be increased to 905,456 shares.

Texas Co. of Canada owns 32 bulk stations, 43 service stations, together with automobiles, trucks, etc.

Prospects are Viewed

In connection with the outlook for McColl during the balance of the fiscal year which ends Jan. 31 next, Mr. Wales points to the expectation that earnings for the eight months will be increased during the last four months, but that no proper estimate can be made at this time since under war conditions new factors may be encountered, while any estimate would also necessarily be dependent on weather conditions between now and the end of January.

Pressed Metals Sales Increase

Better Outlook For Last Half Results from Higher Auto Output

Sales of Pressed Metals of America, Inc., for the six months ended June 30, 1939, were $1.8 million, according to information filed with the S. E. C. This compares with $706,734 in the first half of 1938 and $2.2 millions in the 1937 period. After deducting depreciation and other charges, a net profit of $152,705 was left as compared with a loss of $6,950 for the first half of 1938 and net profit of $326,555 for the 1937 period.

The 1939 profits would be equivalent to 61 cents a share on the 248,578 shares outstanding. In 1938 the company earned 24 cents a share on the same number of shares. Working capital also shows some improvement to $276,932 from $222,311 at the end of 1938.

The second half of 1939 should show much better earnings than did the first half, The Financial Post is told. Automobile production in the United States, which takes the greater part of the company's output, is at a higher level. As reported earlier the company will have the advantage of increased business from Chevrolet, Plymouth and Dodge and has added Hudson and Nash to its list of customers for independent suspension parts.

Receipt of the payments under the underwriting agreement with A. W. Porter, Inc., which is expected soon, will strengthen the company's cash position and make payment of a dividend possible, The Financial Post is informed.

Registration Effective

The registration statement of Pressed Metals with the Securities and Exchange Commission at Washington was made effective Oct. 25, 1939. This brings into effect the underwriting and option agreement with A. W. Porter, Inc., which calls for the following payments: 20,000 shares at $10, payable by Nov. 24, 1939; an option on 20,000 shares at $10, exerciseable by Jan. 23, 1940; an option on 10,000 shares at $10 exerciseable by April 25, 1940.

These options and underwriting agreements will give the company $200,000 in cash this month and an additional $300,000 by April 25, 1940. The shares optioned and underwritten are for resale to the public at $12.50 a share. The proceeds are to be used for repayment of loans and other purposes.

Canada at War— 1914-1939

Twenty-five years' development of the Dominion's natural resources, industry and trade is traced through a score of individual factors in our recent pamphlet entitled "CANADA 1914—1939".

The strikingly improved position is illustrated in the following examples:

	1914 (Millions)	1939 (Millions)	Approx. Percentage Increase
Total Exports	$ 455	$ 969	113%
Manufacturing	1,407	3,623	157%
Gold Production	27	166	514%
Copper, Lead and Zinc Production ...	12	84	600%

Charts are included showing the relationship of Sterling and New York funds in Canada during the twenty-five year period.

Copies forwarded upon request.

Wood, Gundy & Company Limited

Toronto Winnipeg Montreal Ottawa Vancouver London, Eng. Hamilton London, Ont.

Lake of Woods Talks Dividends

May Consider Payment on Common Shareholders Told

From Our Own Correspondent

MONTREAL. — With preferred dividend arrears now out of the way, directors of Lake of the Woods Milling Co. may shortly consider the question of a dividend on the common, according to a statement made by President F. S. Meighen at the annual meeting of shareholders.

Supplementing his remarks in the annual statement, Mr. Meighen stated that September business had resulted in "a very good profit." Discussing the general outlook, he said that he anticipated another good year, not a "boom," and went on to add that in any case the Wartime Excess Profits Tax would be operative to trim large earnings. The company's baking subsidiary was doing well, it was added.

Reports and financial statements were adopted by the shareholders and directors were re-elected with the addition of Alphonse Raymond.

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Young, experienced press and public relations officer available for permanent position. Write Box 203, The Financial Post, Toronto, for appointment.

New Issue

Province of Nova Scotia

Twelve-Year 3½% Sinking Fund Debentures (Non-Callable)

Dated November 1st 1939 Due November 1st, 1951

These debentures will be a direct obligation of the Province of Nova Scotia and will be a charge upon all revenues, moneys and funds of the Provincial Treasury.

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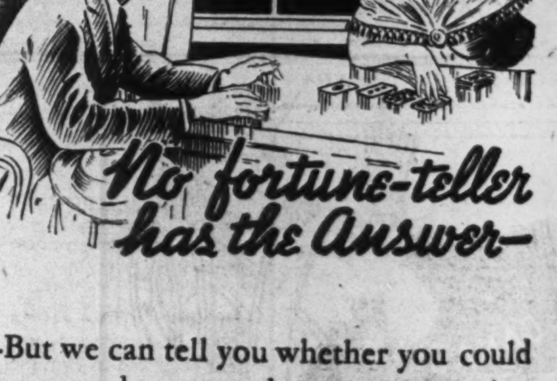

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Foreign Exchange

During the week Oct. 25 to Oct. 30 there was no change in the quotation of the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Oct. 30

Australia	3.58	Italy	.0560½
Belgium	.1847	N. Zealand	3.61
Denmark	.2148	Norway	.2523
France	.0251⅝	S. Africa	4.47
Holland	.5896	Sweden	.2644
Hungary	.1953½	Hong Kong	.2793
India	.3371		

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Bond Markets

High Grade Obligations Continue Steady Gains

D. B. S. Index of Dominion Long-term Bonds Gains 4.4 Points From Low Point—Disparity Between U. S. and Canadian Quotes Closed

The pace at which bond prices have been improving slackened somewhat this week on Canadian markets, but there appeared no signs of any cracking of the strength that has characterized transactions in the past few weeks.

In the week ended October 18 the Dominion of Canada long-term bond index rose to 112.9 from 112.1 in the previous week. This is still considerably below the high for the year of 118.2, reached in the week ended March 16, but marks a recovery of 4.4 points from the low of 108.5 for the week ended September 14.

Dominion obligations have been advancing fractionally, but at the opening of the week there were fractional declines on the New York market.

Provincial issues were strong, with Quebec issues reflecting the Quebec election. Montreal debentures also were buoyant on the news. Industrials were strong generally, with papers showing some hesitancy after their rapid advances of the past few weeks.

Regulations of the Foreign Exchange Control have served to confine investment funds in Canada and increase buying pressure on the Canadian market. Volume of financing has been quite small, although the provinces and a few municipalities have ventured into the market within the past couple of weeks.

Canadian Bonds in U. S.

In recent days New York quotations on Canadian issues have shown a tendency to spread from quotations on Canadian markets. The differential is still slightly greater than the current discount on Canadian funds. At the outset of war this spread was decidedly marked, approximating that existing between interlisted Canadian stocks.

With the progress of the war, however, the spread was closed up considerably until it reached its present position. While the spread between interlisted stocks is approximately 20%, that of government guaranteed bonds and C. P. R. averages between 12% and 13%. In view of the fact that U. S. funds are selling at a premium of 11%, the difference between exchange and quotations on the two markets is relatively small.

The small difference is in all likelihood accounted for by the apprehension that U. S. investors might feel about holding the securities of a nation at war and the strain that war will place upon Canada's economy. The relatively small difference is an indication of the good credit standing of Canada in the U. S.

Comparison of quotations of issues traded on New York Stock Exchange and Canadian markets shows the spread on quotations:

Quotations at October 30

C. N. R.	N. Y.	Can.
4½/51	99⅝	111½
4¾/55	101	115
4½/56	99¼	112½
4½/57	99¼	112½
5/69 July	102½	113½
5/69 Oct.	103	116¼
5/70	103¼	116¼
C. P. R.		
5/54	86	95

* * *

Municipal Bonds

The municipal bond market has been able to show some small activity for the first time since the outbreak of war, with the sale of a few smaller issues.

The municipalities apparently took encouragement from the ability of Ontario and Nova Scotia to sell bonds to the public. Charlottetown, P.E.I., has sold a $127,050 4½% issue. The Catholic School Commission of Three Rivers, Que., sold $175,000 of 4½% debentures and Noranda School Commission also sold a $45,000 4½% serial issue.

In Ontario a number of municipalities, debenture holders and the Ontario Municipal Department have been able to arrange refunding schemes. It is probable that this movement will gain some impetus in the near future. With money becoming somewhat dearer, it is believed that the municipalities will become more agreeable to entering into refunding arrangements on the prevailing basis, which has been contractual rates to maturity and a 4½% coupon on the extended maturities.

To refund on this basis it is considered quite probable that municipalities and debenture holders will agree upon a temporary arrangement.

* * *

Quebec Bonds Rally

The most pronounced price movement occurred in Province of Quebec issues when the Quebec electors expressed their disapproval of the Duplessis regime in a decisive manner. Sharp rallies followed on all the province's obligations.

The large rises are generally believed to reflect the opinion of investors that the Quebec Government will return to sounder administration and more orthodox financial methods. It has been suggested by some observers that the Government's financial policies were as responsible for the landslide as the more publicized limited participation in war platform.

Extent of prices movements of Quebec obligations in the past week and since the outbreak of war may be seen in the tabulation below. In almost every case the issues have appreciated beyond the point at which they entered war. They more than made up the difference in one week.

Quebec Bond Bid Prices

Issue	Oct. 30	Oct. 23	Sept. 1
3/47	95.00	91.50	94.00
3/51	94.00	88.50	92.00
3¼/48	96.00	92.50	95.00
3¼/52	95.00	89.50	94.00
4/52	100.00	96.00	101.50
4¼/58	101.00	97.50	104.00
4½/63	104.50	101.00	107.00

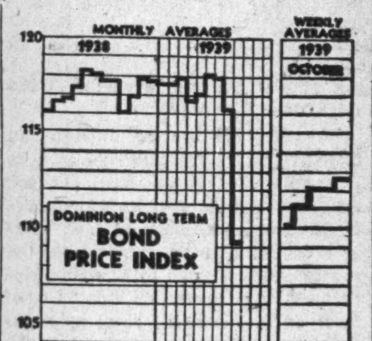
* * *

Bond Index

DOMINION OF CANADA
Long-term Bond Index

	Latest week Oct. 20-26	Preceding week Oct. 13-19	Weekly average year ago
Price	112.9	112.1	117.3
Yield	69.2	71.1	62.6

Waterloo, Ont., collection of current taxes to Sept. 30, amounting to 90.56% of levy, was the highest figure recorded in six years. Last year 89.53% of total levy was collected.



Sarnia Bridge Traffic Higher

30% More Cross Detroit River Over International Span

In the year ended Oct. 9, the Blue Water International Bridge, between Port Huron, Mich., and Sarnia, Ont., handled 329,255 cars and trucks, containing 917,731 passengers. This represents an increase in business of 30% from the previous year, when the ferries carried all cross-river traffic. In the previous year, before the bridge was in operation, ferries carried 223,535 cars across the river. Both the bridge and ferry system are operated by the State Bridge Commission of Michigan.

Income during the year was $315,555, or $81,796 more than the income of the ferry system for the same period. The company accumulated in its sinking fund sufficient funds to pay $97,750 interest due Dec. 1, 1939, and a similar amount due Dec. 1, 1940. Equipment valued at $25,000 was purchased during the year, and $60,000 of the $2.3 million bond issue will be retired on Dec. 1, 1939.

Soo Line Reports Better Business

Net Railway Revenue Rose $534,634 in September

From Our Own Correspondent

MONTREAL. — Minneapolis, St. Paul and Sault Ste. Marie Railway reports marked improvement in operations in September. Revenues totalled $2,145,492 as against $1,648,432 in the same month a year ago, an increase of $497,060. Operating expenses were $1,095,073 as against $1,132,647. This left net railway revenue of $1,050,419, an increase of $534,634 over September last year.

Comparative figures for 9 months follow.

Condensed Income Statement
Nine Months Ended Sept. 30

	1939 $	1938 $
Freight revenue	9,576,484	8,595,870
Passenger revenue	656,389	619,568
All other revenue	957,302	939,737
Total revenue	11,190,175	10,155,175
Less Oper. exps.	9,556,422	9,166,378
Net revenue	1,633,753	988,796
Less: Taxes	921,926	932,856
Hire of equip.	225,004	234,871
Rental of terminals	118,678	124,789
Int. accr. and paid	36,283	39,846
Add: Other income	106,533	118,945
Bal. avail. for bd. int.	438,395	*224,621

*Loss.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson	*5%	1952	Jan. 1 '40	105
Riordon Pulp	°6%	1942	Dec. 31	105
Eastern Car	‡6%	1952	Jan. 1	105
Preston E. Dome	6%	1943	Jan. 1	103
Can. Ind. Alc.	*5%	1948	Nov. 15	3.20
Nor. Ont. Bldg.	♦6½%	1939	Nov. 3	par
Can. Foundries	6%	1942	Feb. 2	110
Mississippi R. Pr.	†5%	1951	Jan. 1	105

†$151,500 drawn by lot for sinking fund.

♦Bank of Nova Scotia, Toronto, is willing to purchase such bonds as are presented to the bank on or before Nov. 3, 1939.

*All outstanding balance. For sinking fund purposes. °$86,300. ‡$35,000.

Features
in the November issue
THE CANADIAN CHARTERED ACCOUNTANT
Inventory valuation of manufacturing companies
Recent court decisions respecting the Income War Tax Act
Accounting in the public interest
Canadian income tax administration
War time wheat prices
Canadian agriculture and the war
Published monthly. $2.00 per annum. Subscription open to all. Sample copy sent on request. A. H. Carr, Editor, 10 Adelaide Street East, Toronto.

Propose Sale Cawthra Bonds

Holders Would Receive 75 Cents on the Dollar

Bondholders of Cawthra Apartments Ltd. have been notified by the company that a meeting will be held Nov. 23 at offices of Toronto General Trusts Corp., 253 Bay St., Toronto, to consider proposals for the sale of the 6% 15-year first mortgage bonds.

The bondholders will be asked to authorize the trustee, Toronto General Trusts Corp., to sell the issue of $212,500 for $159,375 in cash and distribute the payment to bondholders. This amount would equal 75 cents on the dollar of principal amount of bonds. The mortgage deed of trust would thereby be discharged.

The company has decided that because of the uncertain outlook engendered by war, it is imperative to reduce fixed charges, J. M. Walton, president, says in a letter to bondholders.

Sun Life Assurance Co. of Canada has made an offer of a first mortgage loan on the property of $170,000, bearing interest at 5%, and providing for annual reductions in principal.

If the company's offer is accepted by bondholders they will receive the disbursement of 75 cents on the dollar for their bonds and retain their preferred and common stock.

Mr. Walton points out that if the proposal is accepted the company will pay 5% interest on $170,000, compared with the 6% on $212,500 now paid. The position of the equity holders would thereby be improved, Mr. Walton reasons. Annual fixed charges would be reduced to about $8,500 from $12,750 in the first year.

Canada Foundries Calls Bonds for Redemption

From Our Own Correspondent

MONTREAL.—Canada Foundries & Forgings Ltd. has called for redemption the balance of its 6% first mortgage bonds.

At the end of 1938 there was outstanding $71,900 of 6% first mortgage bonds, of which $38,000 were redeemed on Feb. 2, 1939. The balance of $33,900 is to be redeemed on Feb. 2, 1940, at 110.

Outstanding capital of Canada Foundries & Forgings, following redemption of the bonds, will consist of 37,940 shares of class A stock and 9,600 class B shares.

United Amusements Corp. Earnings Show Decline

From Our Own Correspondent

MONTREAL. — United Amusements Corp. reports a moderate decline in revenues and earnings in the first nine months of the current year. This is due to a falling off in paid admissions, especially in the spring months.

Recent experience has not indicated the war will have a serious effect on theatre patronage business being maintained at about the same level as last year.

Earnings of the company in 1939 are likely to be slightly lower than in 1938 when $1.06 a share was earned on the common stock.

Bond Sales

Dominion Treasury Bills

Dominion treasury bills rate declined with the sale of a $25 millions issue, dated Nov. 1 and maturing Feb. 1, 1940. The bills sold at an average discount price of 99.77393 on yield 0.858%. This compares with an average discount rate of 99.77393 on the issue sold Oct. 13, and maturing Jan. 15, 1940, which sold to yield 0.880%.

* * *

Charlottetown, P.E.I.

Bank of Nova Scotia has purchased $127,050 12-year 4½% debentures, of Charlottetown, P.E.I., at 103.05, representing a cost basis to the municipality of 4.27%.

Following is the list of bids submitted:

Bank of Nova Scotia	103.05
F. J Brennan & Co. and McLeod, Young & Weir	101.27
R. A. Daly & Co.	101.10
Dominion Securities Corp.	101.00
J. E. McCready & Co.	100.57
Eastern Securities Corp.	99.25

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Says Ontario's War Task Is To Conserve Resources

"The best contribution we can make here in Ontario to Canada's wartime efforts is to conserve the resources of the province and the municipalities," Hon. Eric Cross, Minister of Municipalities in the Ontario cabinet told municipal officers of western Ontario villages and townships. These officials met Oct. 26 and 27 at the University of Western Ontario to hear the new accounting manual for smaller municipalities reviewed by its author, E. Graydon Jarmain.

Mr. Cross outlined for the representatives legislation which the Government enacted at the special war session of Legislature. Purposes of legislation relating to municipalities was to ensure that municipal credit and finances remain on a healthy basis during wartime, he said.

He announced at the same time the Government's decision to suspend municipal elections in Ontario for the duration of war. Delegates to the meeting did not go on record on the question.

Resources Board

In order to organize and direct the resources of Ontario toward winning the war, the province has set up an Organization of Resources Committee, composed of the Lieutenant-Governor, the Prime Minister and leader of the Opposition, Mr. Cross declared. This committee will cooperate with the Federal Government.

The Municipal Act was amended to modify power of municipalities to make patriotic grants, according to the Minister of Muncipal Affairs. Grants must be for recognized war charities and be approved by the Department. In no case can debentures be issued and grants must be met out of current levy.

The Municipal Minister told the finance officers that the province's decision to suspend municipal elections after the current year for the duration of the war will result in "enormous savings" to municipalities.

"Municipal elections will be held this year as usual, but the Government proposes at the next session of Legislature to dispense with all municipal elections for a period of two years or for the duration of the war, whichever be the longer period," Mr. Cross stated.

"This involves, so far as all municipalities are concerned, the election of councils, mayors and other officials, together with all members of local boards and commissions. This legislation will result in enormous annual savings to municipal budgets."

To Effect Economies

Mr. Cross stated that the legislation will achieve two purposes:

1. A moratorium on local municipal politics. The spending authorities will be freed of controversy and manoeuvring of annual elections.

2. Savings to municipalities will result, estimated by Mr. Cross to be more than $500,000 annually.

The minister's address terminated the two-day school for western Ontario village and township officials. There were 170 present. Another school will be held Nov. 9 and 10 at Queen's University, Kingston, for representatives of eastern Ontario smaller municipalities. Mr. Cross stated that the school next year will be devoted to the subject of assessment.

Island Municipalities Cut Arrears of Taxes

From Our Own Correspondent

MONTREAL.—Arrears of taxes of the 14 municipalities under the jurisdiction of the Montreal Metropolitan Commission were cut $74,000 in September to $1,151,000.

The 11 solvent municipalities cut the percentage of arrears to current expenditures from 15.6% at the end of August to 13.9% at the end of September. This compares with 14.9% at Sept. 30, 1938.

The best showing for the month was made by the City of Lachine which reduced arrears from $168,000 to $145,000. Outremont was second with a reduction of $15,000 to $134,000. Arrears in both Verdun and Westmount were reduced by $9,000.

COMING EVENTS . . .

Coming events cast short shadows, or none, today: speed and unexpectedness seem to characterize developments. In the field of estate conservation this condition demands constant vigilance and well informed management. ¶ The Toronto General Trusts offers you the major advantage of a permanent organization, able to bring the group judgment and group experience of its officers to bear continuously on your estate problems from year to year. ¶ When you appoint this Trust company your executor you provide a solution to the problem of administering your estate in the future; you insure that its management will always be abreast of the march of events.

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In view of the greatly improved outlook for the meat-packing industry generally, and this Company in particular, we are of the opinion their 6% bonds and Class "A" and "B" shares are undervalued at current levels, and as such, offer attractive speculative possibilities of appreciation.

Quotations and informative circular furnished on request.

PLAXTON, CHERRY & CO.
330 Bay Street WA. 3438 Toronto, Canada

Sells Stock to Employees

From Our Own Correspondent

MONTREAL.—Louisiana Land & Exploration Co. has issued 27 shares of its capital stock under the terms of the employees' stock plan. This stock was transferred from the company's name to those of its employees, reducing the number of shares held by the company to 35,017 at the end of September.

What are they saying about the new Fords?

"WHAT A GRAND NEW RIDE!"

North, East, West . . . telegrams and letters have been pouring in since the introduction of the big, roomy 1940 Ford cars. And through them all runs the same refrain: "Congratulations on the grand new ride. You've really got something there!"

Of course, there's praise for all the 22 Ford improvements—Finger-Tip Gearshift, Controlled Ventilation, Sealed-Beam Headlamps—and the rest. There's enthusiastic comment on increased roominess (four inches more usable inside length in Sedans). But the biggest news is the RIDE!

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There's an experience! You'll find yourself measuring comfort for the first time in terms of the noises you can't hear, the bumps you can't feel. It'll open your eyes—if it doesn't lull you to sleep! Try it today.

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TORONTO, NOVEMBER 4, 1939

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Financial Post believes such objectives require:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Elimination of public and private waste.*
3. *Pay-as-we-go financial policy.*
4. *Planning the war effort with the post-war as well as the emergency needs in mind.*

In achieving these objectives the spirit of sacrifice and unity in Canada can be used in finding sound, long-term solutions to problems left unsolved in the idle days of peace.

Canada's Destiny

THE outbreak of war and the discussion of American neutrality at Washington have etched in high relief Canada's relationships with Great Britain and the United States. Thoughtful people in both countries have long been watching the irresistible rise of Canada toward the apex of Empire influence. This trend has been greatly accelerated by the war.

Traditionally the breadbasket of Empire, Canada now finds that her great mineral and manufacturing resources mark her as an Empire arsenal and supply house of unlimited dimensions. Canadian dollars, Canadian metals, Canadian industrial equipment and products now supplement and may greatly exceed our contribution in foodstuffs and man power. The mammoth plan to make this country the Empire base for air training facilities provides further striking evidence of our approaching destiny.

* * *

That the United States is taking increasing cognizance of Canada's new Empire responsibilities is evident in many ways. Even the revival of the St. Lawrence seaway project is being weighed by persons close to the Roosevelt administration in terms of Canada's new status. Mr. Roosevelt has announced that the treaty is being "dusted off," but a favorable decision may depend in considerable measure on the extent to which such a project would influence U.S. neutrality. Canada is at war. The United States is neutral. And Canada is destined to play a major part in the present conflict. Therefore completion of a Canada-U.S. enterprise involving several hundreds of millions of dollars along a common frontier is being looked at closely in light of our Empire relationship.

Then there is the Lindbergh address.

Whatever his motives or intent, Colonel Lindbergh has put with crass crudity the challenge as to whether Canada can continue to cast in its fortunes with the British Empire and at the same time enjoy the protective influence of the United States. Colonel Lindbergh seems to think the U. S. is destined to set up a new imperialism on this continent which would make it difficult if not impossible for Canada to occupy both positions.

* * *

Shrewd commentators like Walter Lippmann are agreed that this is an issue of far wider significance than the "unconsidered opinion of an inexperienced young man" would warrant. Mr. Lippmann suggests that having sown the seeds of such imperialist ideas it is necessary for the U. S. to "now erect a barrier of true and sound and responsible opinion" to counteract them.

The major fact in this new and highly significant situation (again quoting Mr. Lippmann) is that "whatever the result of the war in Europe, Canada is destined to become a great interior stronghold of the British system—will almost certainly be developed as a vital strategic base of the British power."

There is little fear at the moment that the United States is giving serious thought to the sort of "imperialism" envisaged by Colonel Lindbergh. There is however a genuine if ill-founded concern in that country as to the influence on America's fortunes of a neighbor, now emerging as the dominant partner in the Empire Commonwealth.

* * *

Canada's course in the future, as in the past, is clearly indicated. We must confirm and strengthen our traditional rôle as interpreter between the two great branches of the Anglo-Saxon world. Debate as to whether Canada should regard herself as a North American country or a British country is futile and academic. Our true position is as the common link in the North American and the British chains of friendship and influence.

This requires much patience, understanding and a high degree of individual and national statesmanship. It is a unique responsibility which this country alone of all the nations of the earth can fulfill.

To fulfill it, Canada must demonstrate to the people of the United States that the presence of a great member of the British Commonwealth of Nations as a northern neighbor, is an asset, not a liability.

Good Debts and Bad Debts

IT IS a mistake to think of debts as something wholly bad. They serve three important purposes:

"1. They provide a way of paying for things we want when we can't pay cash."

"2. They enable an investor to put capital into a business without taking the risks of ownership.

"3. They are useful to the lender as a means of investing money saved for a 'rainy day.'"

These points are brought out in a pamphlet "Debts—Good and Bad," issued by the Public Affairs Committee, New York City.

Yet while debts are necessary, they can "raise hob" within the economic structure, warns Maxwell S. Stewart, the editor of the pamphlet. They are too easily assumed in a boom period and too hard to meet in depression. So Mr. Stewart utters a stern warning against the deceptive ease of going into debt during a boom, such as occurred in the last war. He says:

"As prices rise the debts created at a lower price level are easy to pay. And because they seem so easy to pay off, people go farther into debt without much thought, creating a problem for the future."

The pamphlet is based upon the recent extensive debt study of the Twentieth Century Fund. This study concluded that "economic life would be much more healthy if debts were not incurred too frequently."

It recommended that the "existing laws which force insurance companies and trustees to invest almost entirely in debts be relaxed and perhaps eventually abolished."

"An investment in common stocks of a well-managed corporation without heavy debts, or in real estate," it is suggested, "may be more truly conservative than an investment in legal securities."

Canada has just been coming out of a painful period of debt adjustment in which social hysteria has led some sections of the country close to political revolt. If the brakes are kept on unwise borrowing by individuals and governments, we can avoid trouble after this war.

They Know Hitler Must Lose

NEUTRAL opinion in Europe is that Germany will lose the war. The evidence of that is clear. Russia has refused direct aid to Germany. Turkey has signed up with the Allies. Italy is retreating farther and farther from its end of the Rome-Berlin axis. Franco has decided not to pay his debt to Hitler. The smaller Balkan states are resisting German efforts at economic pressure. The Oslo democracies are taking steps to protect themselves against the Red and the Brown Nazis.

A few months ago the smaller neutrals were afraid to offend Hitler. Today they do not hesitate to resist his pressure and his advances.

Germany is finding it increasingly difficult to trade with the neutrals. They spurn his "blocked mark" deals even when he points a pistol. On the other hand, Britain is increasing its trade with European neutrals, buying their products for cash of the kind that Hitler cannot raise.

"A man that hath friends must show himself friendly."

Army Turnips

ONE day last week we had turnips—army turnips—for dinner. As a rule we have no liking for this homely vegetable, no more presumably than the average soldier. But these turnips were sweet, well-prepared, tasty. They were the sort of turnips any soldier could have—and enjoy—if the army took a little more trouble to train its cooks.

Traditionally the army cook is looked on by most old soldiers as a misfit. No matter how well-meaning or good-natured, he was seldom if ever an authority on how to feed men. To him calories were a laugh, vitamins a fairy tale. He dealt in sterner stuff. Nutrition and the culinary arts were bound by what was told him in the unenlightened pages of an army manual.

Since this country last went to war a new and rapidly-expanding world of knowledge and experience has been opened in the field of nutrition. The feeding of men and the preparation and conservation of food has become a fine and subtle art. Men can now eat less and be healthier and happier. Their energy can be increased and their resistance to disease strengthened by the application of simple knowledge about how and how long to cook turnips, spinach, prunes.

The army meal we ate last week—the turnips, prunes, potatoes and roast beef—was prepared by army cooks who have been taking a volunteer "chef's course" under the direction of an expert instructor. There were no fads, no variation from traditional army fare—simply the application of modern scientific knowledge in preparing the stuff that goes into the army stomach.

This particular experiment is being carried on by a far-sighted colonel who has observed at first hand what England and European countries are now doing in training cooks how to feed men. Similar ideas are being worked out in isolated cases by other units.

The army should co-ordinate these efforts.

It should make sure that all army cooks understand how to feed men properly; that waste and ignorance are replaced by expert knowledge in the conservation and preparation of army food.

One way to achieve this would be to draw on the experience of an organization such as Crawley & McCracken Company — a firm which has had a quarter of a century of practical experience in feeding men economically and well.

There is good precedent for such a step. In England the army called on the world-famous Lyons organization to give advice. Now they have established a cook-lieutenant who has made great strides in modernizing the army technique in cooking and cook training.

We spend millions of dollars and devote much skill and acumen toward improving the quality of the shells we feed our guns and the mechanical equipment we give our soldiers for the field of battle. A proportionate interest in what the men themselves are fed would be a splendid investment in improving the strength and morale of our fighting forces.

The Canadian Editorials of the Week

Sisters and Neighbors
Toronto Star

It is to be hoped that the warmth of feeling toward Quebec which has been generated in Ontario by the election results will not too quickly evaporate. It would be a fine thing for Canada if it were to become permanent.

If such is to be the case, Ontario people will have to seek an understanding of the Quebec outlook, the Quebec viewpoint. It is in some respects different from our own, for these people are chiefly of another race. Outside the great industrial centres they are perhaps not so modern as the inhabitants of Ontario; they do not move at so fast a pace; their minds and habits are more leisurely than ours. They savor life slowly, and the hard practical Ontario man finds this difficult to understand. It does not occur to him that he, in his haste, may miss in life some of the things which he ought to be enjoying. It does not do to presume that Quebec has nothing to teach her sister province.

The main thing is to study her viewpoint sympathetically and without prejudice. This will not necessarily mean agreement, but it will mean something equally important, a sympathetic understanding. There is no reason why these two provinces should, so to speak, glare at each other, as they sometimes appear to do. They have many things in common, and each can learn something of value from the other.

So the kindly spirit which has been engendered by the election should not be permitted to evaporate. Let us have, by all means, an Ontario-Quebec axis, not directed against other provinces or against the federal authority, but for the cultivation of mutual friendship and goodwill, and for the successful prosecution of the great task which lies before the nation in this war.

Quebec Speaks
Le Canada

The people of Quebec province have spoken. They have spoken emphatically and there can be no doubt about the import of the verdict of the recent elections.

More than the political revenge which the Liberal Party has just taken, the result of the vote clearly expresses the revenge of the whole French-Canadian people upon those who mistrusted it, who had attempted to drag it into a dangerous adventure. A less complete defeat of the Union Nationale Party might have left some doubts in people' minds, but the victory which the electorate has given requires no discussion.

What does this victory signify?

First, that the people of the province have confidence, as in the past, in the Liberal Party, and the man who represents it. . . .

This victory also signifies that Quebec remains faithful to its long tradition of reasoned attachment to the principle of Confederation; that it means to maintain the bonds which unite all the provinces of Canada; that it accepts with all its heart, in the difficult hours of the war, its share of the burdens which the Canadian people intend to carry right to the end. Thus are ratified the attitudes taken at Ottawa by the French-Canadian ministers and members of Parliament. Nobody, except for one man, had doubted the justice of this attitude. Quebec had accepted in all confidence the programme of the King Government with regard to the war. This programme of "effective co-operation" was known to everyone in our province. It contained the essential guarantees which our people respect and which Mr. Lapointe, Mr. Dandurand, Mr. Cardin and Mr. Power had affirmed by the firmness of their attitude.

The election campaign which has just been concluded had drawn the attention of the whole of Canada, of our neighbors in the United States, and of the British people. Why deny it? The demagogic and hate-filled tone of the Prime Minister of the province, whom English-speaking Canadians and people in other countries had reason to believe, until this happened, to be the interpreter of his compatriots, gave us a dubious reputation in certain quarters. French-Canadians living in other provinces had, more than we in Quebec, to suffer from this suspicion, which might have been changed into open hostility had the result of yesterday's election been other than it was.

The victory of Oct. 25 redresses this equivocal situation and gives an emphatic reply to those who believed Quebec capable of despoiling her reputation.

Editorials in Brief

An American Congressman estimates that if power and light consumers in the United States paid the same rates charged by the Ontario Hydro the people would save each year $1,007,156,359.

Yes, and if they could buy ice as cheaply as the Eskimos they would save another billion.

* * *

This week The Financial Post devotes a special section to the communications industry. The services rendered by the telephone, telegraph, cable and radio-telephone have a direct and intimate bearing upon the economic and social life of every part of the Dominion in war and peacetime. Yet because of the smooth-running efficiency of these utilities, the remarkable services rendered and the very outstanding contributions that have been made are too often taken for granted.

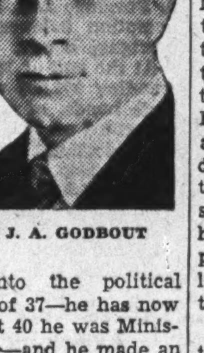
Over 20,000 workers are required to maintain these essential public services. Several hundred millions of dollars have been invested in plant and equipment. A highly skilled peronnel has been created. All of which combines to give Canada as fine a system of communications as is to be found in any part of the world, not excluding the United States. In turn the public have shown their appreciation by using the facilities offered to an extent that is almost without parallel in any other country.

"BACK TO HER KNITTING" —Cartoon by Grassick.

Post-Scripts . . . .

Farmer Premier

Quebec's new premier elect is a farmer. In this he has much in common with Ontario's Premier Hepburn. But J. Adelard Godbout is much more than a practical farmer; he is a scientific agriculturist—an outstanding authority on livestock. He is one of the best-known breeders of quality Ayrshire cattle and Belgian horses in Quebec.



J. A. GODBOUT

Success in agriculture brought Mr. Godbout into the political arena at the age of 37—he has now just turned 47. At 40 he was Minister of Agriculture—and he made an excellent job of the work he knew so well.

Mr. Godbout's father before him was a breeder of fine cattle. Son Adelard was born on the farm at St. Eloi in 1892. He took an Arts degree at Laval University in 1913 and his degree as Bachelor of Scientific Agriculture from the same institution in 1918. He spent two more years specializing in animal husbandry at the Massachusetts Agriculture College. For 10 years he was professor of animal husbandry at the provincial agricultural school at Ste. Anne de la Pocatiere. For a time he was county agricultural representative and fieldman for the Ayrshire Association.

* * *

The new premier's farm is at Frelighsburg in the Eastern Townships. It is near the U. S. border southeast of Montreal. It is a fine property specializing in Ayrshires, Belgian horses and apples. It is a very practical place, run for profit along scientific lines.

Until he was thrown by chance into the leadership shoes of the former Premier Taschereau some three years ago, Mr. Godbout was little known even in Quebec apart from his own farming friends and those connected with scientific development in agriculture. His solid connections and reputation in his own field were responsible for the fact that he emerged as outstanding among those who did not resign when the Taschereau regime collapsed.

Since that time he has consolidated his position and won many friends—not for his brilliance but for his quiet effectiveness and personal worth. Of small stature he is not a brilliant speaker nor does he make friends easily. Faced with the new and far-reaching responsibilities of the premiership he will now have an opportunity to exert his influence in cleaning up the ragged ends left by his predecessor.

* * *

War Buyer

If, as and when Great Britain is allowed to buy munitions and war supplies in the United States, William A. Mitchell, a Canadian who played an active part in Canadian buying of war supplies in 1914-18, is slated to be a key liaison official in the purchasing operations.

W. A. MITCHELL

Mr. Mitchell is one of the Morgan partners and it will be recalled that when J. P. Morgan returned from England a few weeks ago he told reporters quite frankly that he would not be surprised if the Morgan firm were named chief purchasing agents for the Allies in the United States. His firm acted as both purchasing and financial agents for Great Britain in the Great War.

* * *

During the last war, William Mitchell was stationed in the Paris office of the Royal Bank of Canada. He returned to this country after and finally became inspector at the head office in Montreal.

Around 1923 the Royal Bank of Canada made arrangements to take over the Mercantile Bank of the Americas, which had become heavily involved. The firm of J. P. Morgan & Co. had an interest in the reorganization of this enterprise through the Guarantee Trust Co. of New York. When the final arrangements were being made by the Royal Bank to take over the M. B. of A., Mr. Mitchell was sent to New York to work on the details of the transaction. It was while there that he came in touch with the Morgan firm and shortly after his return to Montreal he received an offer to join the firm. This he did in 1924. His responsibilities with that firm have been increasing ever since, although Wall Street had heard little of him until he was appointed manager in 1931 and again last spring when he was promoted to a partnership.

Mr. Mitchell was born in Hamilton in 1892, started work with the old Traders Bank, later to be absorbed by the Royal Bank. While he was in Canada he worked in Montreal, Toronto and St. Catharines. He knows most of Canada's leading bankers.

* * *

Award of Merit

For the first time since it was instituted, the award for merit, made on the recommendation of a committee of the Professional Institute of Canada, has gone to a social scientist. Herbert Marshall, head of the internal trade branch of the Dominion Bureau of Statistics is the man who has been honored. Hitherto the award has been given to men of note in the physical sciences. The Recording Angel, as it were, has at last been recognized as the compeer of him who can make two blades of grass grow where only one grew before.

HERBERT MARSHALL

The committee which makes the recommendation for this award each year is composed of Dr. H. M. Tory, Vernon Knowles, of the Bankers Association; and Dr. A. Frigon, of Quebec.

* * *

Mr. Marshall is on the right side of 50, though by a narrow margin. He is every inch a statistician. Clean cut, sensitive features, soft voiced, bespectacled — the very man to blood-hound a way through endless balance sheets, through wagon loads of dry-as-dust figures. It is chiefly when he begins to discuss statistics that he betrays enthusiasm and ardor.

He has been honored not for the work as head of the internal trade branch of the bureau, but for his study of Canada's Balance of International Payments—a slender, red-jacketed volume issued shortly before the outbreak of war and the end result of a prodigious effort extending over many years. It is a volume one sees, these days, on the desks of those who are administering the Exchange Control Regulations.

* * *

Mr. Marshall has had a more adventurous career than his appearance and attainments might suggest. He is a graduate of Toronto University, winning the Mackenzie fellowship in political science. In the Great War, he joined the Royal Irish Rifles, went to the Old Country, and served as an officer in the Imperial infantry. On his return, he lectured for two years on political science and then, in 1921, he joined the staff of the Dominion Bureau of Statistics. He is co-author, with Prof. K. W. Taylor and Frank A. Southard Jr., of the volume, Canadian-American industry (branch plants) in the Carnegie series of books on Canada-U.S. relations.

He is, surprisingly, not at all satisfied with the study which has brought him recognition. There are many gaps in our knowledge of the balance of payments. Mr. Marshall means to fill them in as rapidly as possible.

* * *

Frank McPherson

Little noticed among the rush of wartime appointments in recent weeks was the naming of a British Columbian to the Transport Board at Ottawa. He is Hon. Frank MacPherson for the past six years public works minister of the Pattulo cabinet.

Fifty-five years old, MacPherson is Ontario-born, of Scottish parents who settled in the little town of Wooler. He went to school at Smith's Falls and Kingston. He went West as a young man and settled in Cranbrook. He started a machine shop there and prospered. When he discovered that, in spite of Cranbrook's low death rate, undertaking was a neglected field he branched out into that line. It is a convincing indication of his personality that he became a genuinely popular undertaker and the town's favorite son.

He was a candidate for the provincial legislature in 1928 and while the Conservatives swept the province in that year under the late Dr. Simon Fraser Tolmie, MacPherson, the Liberal was elected by a flattering majority. Four years later when the Liberals under Pattullo turned the tables on the Tories MacPherson was again returned and was given a place in the cabinet, which he held until called to Ottawa to a place on the Transport Board to succeed Hon. T. C. Norris.

Other People's Views . . . .

Patronage Not to be Tolerated
Canadian Printer and Publisher

Patronage may be accepted as part of the political game by the rank and file of Canadian people in normal times, but under the stress of war conditions it becomes detestable to everyone. So when Hon. Norman Rogers fearlessly and emphatically declared that it was totally "out" for the duration of the war, as far as his department was concerned, he made a statement which will be widely applauded. It is hoped that the new Minister of National Defense is able to keep all the doors of patronage locked and bolted against all comers. He has a splendid opportunity to strengthen his position and gain the confidence of people, in view of the flagrant squandering of public funds during the Mackenzie regime.

Prepare for Peace
Drumheller Plaindealer

While governments are spending millions on a war, it might be well to set aside money for post-war reconstruction. Military strategists have benefitted from the experiences of 1914-18 yet so far no thought has been given by the Government to the problems which inevitably must be faced when peace is declared.

Certainly we do not want a recurrence of the twenty-five years just past, but unless statesmen busy themselves with the peace-time readjustments ahead civilization may be plunged into chaos.

The Dominion Government could do no more useful act than to appoint a commission whose duty it would be to plan for post-war rehabilitation of manpower and industry. Such a move would do much to reassure Canadians, many of whom at the early stage of the war visualize revolution and civil strife in the years to come.

Where C.B.C. Has Failed
Winnipeg Free Press

We have had, these last six weeks, some indication of what can happen to the C.B.C. when its governing direction loses momentum. The advent of war brought to the C.B.C. the first great occasion which it failed adequately to meet. It could have been employed as a great and powerful instrument for the promotion of national unity. Instead it was used for nothing at all. Its influence became negligible just at the moment when its services could have had inestimable value.

Working in close co-operation with Government departments it could have produced a daily picture of our country girding itself for war. The imagination and color with which the C.B.C. vested the visit of the King last summer could have been turned with all its power to promote the courage and ardor of a nation facing the greatest peril and the greatest opportunity of its history.

For reasons not yet clearly known a flurried management or a Government pre-occupied with other tasks, or both together acting in haphazard concert, imposed restrictions on the C.B.C. which destroyed its usefulness save as a purveyor of entertainment. Its true function far transcends that.

In the Mail . .

U. S. and the War

Editor, The Financial Post:

I have been a subscriber of The Financial Post for several years. My respect for your paper has increased. I consider it the best of its kind in Canada

I therefore regret to note what I consider a misapprehension in your viewpoint that the words and efforts of any responsible person in this country to keep us out of the European war are necessarily "vicious inspired campaign of anti-Allied propaganda."

The sentiment in this country is strongly pro-Allied. This is so certain that one has only to live here and listen to one's neighbors talk, to read responsible editorial comment to realize how deep rooted is this feeling. But with this goes also the conviction in all walks of life that we should keep out of it. Whether that conviction is right or not and whether that will be the conviction six months hence does not alter the fact that it exists today.

With this conviction goes a wide difference of opinion as to what are the best means of keeping out of it and this difference of opinion is not pro- or "anti-Allied propaganda" but honest pro-American sentiment.

One therefore has to be careful in attacks on expressed opinions in this country and calling into question the motive behind utterances of men whose integrity and high purpose are universally respected in this country by people in all walks of life. And one has also to be careful in attempting from outside sources with radio and other means of political influence to broadcast propaganda in this country. It will do more harm than good.

I am a great admirer of the British people and this goes for you Canadians. I think the British people are the greatest in the world, their courage and great sense of realities will make them endure forever. I would ask that your great paper consider this my plea to refrain from giving cause to my countrymen to resent attacks on her men who express the mass will of our people to remain at peace.

May God guide us all in our respective spheres of influence "by every word that proceedeth out of our mouth" to nourish and strengthen the goodwill that today exists between our countries.

EDWARD K. HOWE.
San Mateo, California.

Editor's Note:—The Financial Post has not and would not consider "the words and efforts of any responsible person" in the United States as "vicious, inspired campaign of anti-allied propaganda."

Canadians do not question the sincerity of the American people in seeking to keep out of this war. But anti-allied propaganda work is being carried on on a very large scale and Canada, in its traditional rôle of interpreter between America and Britain ought to be seeking to counter this with the truth.

As Others See Us . . . . .

No Political Favoritism
Vulcan Avocate

The Financial Post has been attacking Hon. Ian Mackenzie for some time on the ground of incompetence. Mr. Mackenzie has been demoted to Minister of Pensions and Hon. Norman Rogers is new Minister of Defense. But the feeling persists that he should have been relieved of any cabinet position.

The general public will endorse any condemnation of misspent money whether east or west. It will endorse the punishment of those who are responsible for political patronage or waste of funds. There are liveliest recollections of the political favoritism, profiteering and waste which prevailed for the early years of the last war. The people will not willingly tolerate any repetition of such conditions.

No War Profiteering
Strathmore Standard (Alta.)

Hon. Norman Rogers, minister of defense, hit straight from the shoulder when he stated that political patronage so far as the Department of National Defense was concerned, was out for the duration of war.

Mr. Rogers's statement is the strongest yet to come from Ottawa on this subject. It confirms and strengthens a similar assurance made to Parliament by the prime minister himself.

It is especially important coming from the head of a department which, under the Hon. Ian Mackenzie, was the most flagrant offender in political favoritism and the squandering of public money among party friends.

Eliminate Patronage
Brantford Expositor

The new Minister of National Defense, Hon. Norman Rogers, has made it emphatically plain that patronage and favoritism will not be countenanced in his Department for the duration of the war. This announcement will be applauded by the people of Canada, who will look to the Prime Minister and the heads of all other departments to see that such policy is made general and effective. Patronage in time of war amounts to virtually the same thing as profiteering. Neither can be tolerated.

The danger of any laxity in this regard is illustrated in a serious complaint currently registered by The Financial Post. The latter is a responsible journal and it is to be presumed it had thorough knowledge of the facts when, in last week's issue, it undertook to assail the former Defense Minister, Hon. Ian Mackenzie, with particular reference to a certain transaction in which his Department was involved.

Canada cannot afford to make expensive blunders at this critical stage and it is perhaps equally important that the people of Canada should be assured that the incidence of such mistakes is to be reduced to the minimum.

Stop Me If . . .

Writing of the late D. B. MacRae, Grant Dexter tells a story which he describes as D. B.'s favorite.

It concerns the time he addressed the St. Andrew's Society at Winnipeg. He began with the great Irishmen of Canada — Nicholas Flood Davin, D'Arcy McGee and the others. Then he stopped, apparently in the utmost confusion.

"I apologize," he said, "Apparently I brought my St. Patrick's Day speech by mistake."

Week in Business

Momentum is Gathered By Canadian Business

Industrial Payrolls Show Greater Than Seasonal Expansion — Demand for Power Continues to Show Steady Increase

Improvement in Canadian business continues to gather momentum. Right across the country, in all economic areas, expansion is shown in employment, production, bank debits, bank loans and retail sales. It is also significant that automobile sales in September were higher than a year ago.

These conditions are reflected in advances in The Financial Post Business Indices for the five economic areas as follows:

	Sept. 1939	% change from Sept. 1938	% change from Aug. 1939
Maritime provinces	128.6	+2.7	+2.3
Quebec	147.9	+9.4	+1.5
Ontario	118.5	+7.2	+2.3
Prairie provinces	126.2	+7.8	+6.4
British Columbia	131.2	+5.7	+2.5

* * *

The official figures of electric power consumption show that the total output for all Canada in September was 10% larger than for September last year. The demand in Ontario in recent weeks has been such that the Hydro-Electric Power Commission has under consideration substantial additions to existing power supplies. Intimation of this was given by Dr. Thomas Hogg, chairman of the Commission, in an address last week at Hamilton.

* * *

Official figures on employment at the beginning of October show not only an increase over the previous month but a substantially larger gain than usual at this time. These figures of course refer to industrial employment and do not take into effect the thousands of men who have been absorbed in the active service forces since the outbreak of war. Manufacturers of textiles, iron and steel and their products, leather, pulp and paper, rubber goods, chemicals and electrical apparatus have all increased their staffs. Larger staffs mean larger payrolls.

Active service army payrolls are another factor. When to these is added the revenue being derived from the large crop it is apparent that the expansion of the buying power of the Canadian public is the largest that has been seen for a long time.

* * *

This larger purchasing power is making itself felt in the demand for all kinds of goods. While the first flurry of buying, such as that which occurred in sugar, is subsiding, business at retail stores is maintained in a volume which merchants describe as quite satisfactory and well above last year. It is making itself felt in such varied lines as clothing, boots and shoes, hardware, jewellery, radios and furniture. Demand from the rural districts is keeping pace with that from the industrial centres. This domestic demand is also an important factor in employment and production which in turn means more money in circulation.

Business Indicators

Current business steady with D.B.S. index of business activity for week ended Oct. 21, unchanged from previous week.

Employment on Oct. 1 higher than same date of 1938.

Carloadings for week ended Oct. 21 higher than year ago. Cumulative for year to date up 2.7%.

Steel production in September up sharply over 1938. Total for nine months 2.9% higher.

Automobile sales show increase in passenger cars in September, truck sales slightly lower. Cumulatives for nine months in both branches lower than year ago.

Country store sales up 12% in September over a year ago.

Electric power production in September 10% above last year. Up 8.8% for nine months.

Construction contracts awarded in September lower than year ago. Cumulative for nine months up 2.1%.

Trend of business shown by The Financial Post Index and following key factors, new items for the week being marked thus ▲.

	Oct. 21	Oct. 14	Oct. 7	Sept. 30	Oct. 22/38
Commodity prices	79.0	78.0	78.0	77.9	74.0
Weekly index	105.1	105.1	107.0	108.1	108.2
	Sept.	Aug.	July	June	Year Ago
Financial Post index	°122.7	121.0	119.8	118.8	112.6
Retail index no. of sales	....	81.2	83.4	84.9	78.5
Dept. store "	85.7	73.1	77.3	72.1	76.8
Wholesale "	....	102.6	92.1	99.3	98.2
Country (% change fr. last yr.)	▲+12.1	—2.2	—6.2	—7.7	—3.9
Employment D.B.S. Index—	Oct. 1	Sept. 1	Aug. 1	July 1	Year Ago
All industries	▲121.7	119.6	117.5	115.8	116.7
Manufacturing	▲119.7	115.3	112.8	111.3	112.5
Wage earners No. (000)	....	....	▲2,461	2,419	2,378
Living costs	....	$17.02	$17.02	$16.93	$17.41
			Jan. 1 to date		%
Railways—	1939	1938	1939	1938	Change
Carloadings, week (Oct. 21)	▲62,345	62,095	2,021,491	1,967,156	+2.7
C.N.R. gross, week (Oct. 21)	$ ▲5,192,453	4,630,298	157,337,017	143,749,707	+9.4
C.P.R. gross, week (Oct. 21)	$ ▲3,583,000	3,646,000	117,090,000	111,689,000	+4.8
C.P.R. net revenue Sept.)	$ ▲5,821,955	3,651,406	12,705,409	7,330,793	+73.3
C.N.R. net revenue (Sept.)	$ ▲6,304,642	2,661,439	6,652,354	•2,455,254	....
Iron and Steel (Sept.)—					
Pig iron production (tons)	65,954	49,972	487,982	554,845	—12.0
Steel ingots and castings prod. (tons)	▲124,384	73,556	937,693	911,005	+2.9
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (Sept.)	▲4,947	3,831	68,821	75,434	—8.8
Factory output (Sept.)	3,494	4,290	79,642	88,728	—10.2
Trucks and Buses:					
Domestic sales* (Sept.)	▲1,808	1,879	19,847	22,129	—10.3
Factory output (Sept.)	427	1,799	30,644	34,978	—12.4
Exports (Sept.)	1,927	3,460	47,708	47,103	+1.2
Financing (Sept.):					
Used	$ 2,309,013	2,660,351	27,307,577	29,344,708	—6.9
New	$ 1,791,655	2,228,910	21,914,597	27,676,002	—20.8
Construction—					
Contracts awarded (Oct.)	$▲14,228,100	18,111,000	165,010,000	161,572,700	+2.1
Cement, bbls. (July)	▲735,964	645,839	2,731,602	2,818,057	—3.1
Agriculture—					
Flour prod., bbls. (Aug.)	1,382,158	1,103,037	9,310,011	7,542,888	+23.4
Flour exp., bbls. (Sept.)	416,553	319,739	3,422,504	2,540,325	+34.7
Wheat exp., bush. (Sept.)	15,641,142	12,614,858	91,006,092	51,912,891	+75.3
Cattle sales (Sept.)	74,378	73,396	552,846	544,377	+1.5
Hog sales (Sept.)	62,225	48,919	476,324	505,631	—5.8
Sea Fisheries: (September)‡					
Catch, cwts.	903,900	1,492,500	7,459,020	7,121,710	+4.7
Landed value	$ 1,887,500	2,535,300	13,779,480	14,631,510	—5.8
Newsprint (tons)—					
Production (Sept.)	253,230	231,940	2,058,899	1,914,660	+7.5
Exports (Sept.)	228,162	195,586	1,878,939	1,719,318	+9.2
Mining and Oils—					
Coal prod., tons (Aug.)	1,238,171	1,012,901	9,110,947	8,770,014	+3.8
Coal imports, tons (Aug.)	1,628,296	1,463,919	7,085,215	7,921,719	—10.5
Gold prod., fine oz. (July)	440,065	419,683	2,932,510	2,639,755	+11.0
Nickel prod., lb. (Aug.)	▲20,123,078	16,573,105	150,085,845	143,157,462	+4.8
Copper prod., lb. (Aug.)	▲54,039,671	47,917,545	400,711,715	380,090,805	+5.4
Crude oil prod., bbls. (Aug.)	▲795,844	825,546	5,066,251	4,446,837	+13.8
Crude oil imp., bbls. (Aug.)	4,726,300	3,776,880	22,901,957	21,294,908	+7.5
Electric Power Output (Sept.)—					
Total monthly m.k.w.†	▲2,379,811	2,168,435	20,620,226	18,950,487	+8.8
Foreign Trade—					
Imports (August)	$ 62,708,079	57,026,268	441,767,448	449,541,032	—1.7
Exports (August)	$111,032,492	86,537,952	670,023,411	580,937,398	+15.3
Other Industrial Factors—					
Dressed lumber exp.: M. bd. ft. (Sept.)	216,480	139,448	1,579,885	1,208,655	+30.7
Shoes, prod., pr. (Aug.)	2,453,069	2,178,202	15,536,833	14,751,827	+5.3
Cotton imports, lb. (Aug.)	▲5,580,000	8,265,000	68,563,000	79,959,000	—14.2
Raw rubber imp., lb. (Aug.)	4,553,281	4,104,744	42,266,678	35,465,371	+19.2
Cigarette cons. (Sept.) No.†	584,758	624,562	5,274,646	5,163,922	+2.1
Sugar manufactured. lb.§	71,827,680	96,270,679	561,198,546	567,116,974	—1.0
Finance—					
Bank debits (Sept.)†	$ 2,831,651	2,654,813	22,731,224	22,077,381	+2.9
Bond sales (Sept.)†	$ 50,646	54,997	1,031,397	832,642	+23.8
Life insurance (Sept.)	$ 37,117,000	27,928,000	290,462,000	280,841,000	+3.4

*D.B.S. All Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to Sept. 30, 1939 •Deficit.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. °Preliminary.

For Investors

Our November investment pamphlet lists a diversified group of Canadian Government, Municipal and Corporation Securities, showing current prices and yields.

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Can. Cottons Business Up

Benefits from Drop in Imports — Wages Increased

From Our Own Correspondent

MONTREAL. — During the past two months there has been marked improvement in business of Canadian Cottons Ltd., according to latest reports on company operations.

Operations of its plants have been stepped up to full single shift capacity. This compares with 65% of single shift capacity in June. Last year at this time the company's plants were working only three or four days a week.

Not only are shipments well ahead of this time last year but the company has a considerable volume of business on its books.

The improvement is due to a number of factors. Canadian Cottons has some orders from the Canadian Government in connection with equipping the militia, but this is not an important factor in the total volume of business. More important are the increased purchases by the garment trade.

Drop in Imports Helps

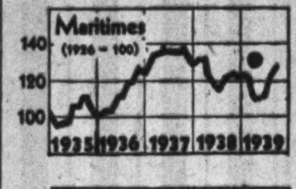
Perhaps the largest single factor in the impetus given the company's business is lessened competition from the United States and abroad. Canadian Cottons is now supplying large quantities of fabrics which were formerly imported.

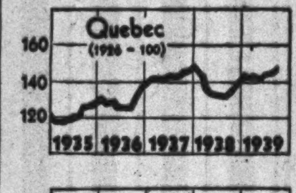
Earnings are better, due to the increased volume and higher prices for finished products. It is too early, however, to make any definite forecast of earnings.

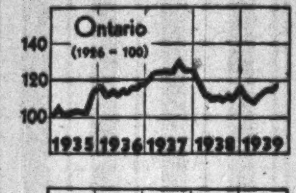
Manufacturing costs are increasing. The cost of raw cotton has already advanced, partly due to the premium on U.S. exchange. Prices of other materials have increased, and in some instances there is difficulty in securing deliveries.

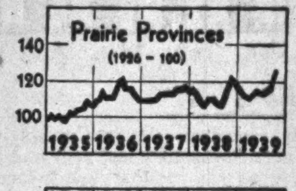
Business Advance Shown In All Economic Areas

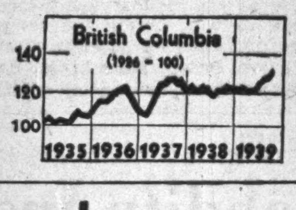
General advances were shown in all five economic areas of Canada in September, both over the preceding month and over September last year. The greatest gain was in the Prairie Provinces, based largely on the good wheat crop now being marketed. Other constructive factors during the month included electric output, employment, bank debits and life insurance sales. Except for employment in Quebec, each of these four factors recorded general gains after seasonal adjustment. In Quebec, industrial employment was more active, but curtailment in construction brought the total down. Automobile and steel production in Ontario were better. Indices for British Columbia and the Maritimes participated quite generally in the advance of the month.











Trend of Business in Economic Areas

	Sept. 1939	% Change from Sept. 1938	Aug. 1939
Maritimes			
Constr. contr. ... $	1,495,000	—17.2	2,244,000
Bldg. permits ... $	144,000	—39.7	218,000
Life ins. sales $ 000	2,867	+48.2	2,089
Bank debits $000,000	58.7	+12.0	52.2
Elec. pwr. kw.h. 000	75,600	+4.3	78,548
Employment*	117.9	+3.0	116.4
Exports ... $	5,722,756	+5.5	6,420,677
Index	128.6	+2.7	125.7
Quebec			
Constr. contr. ... $	8,598,000	+6.9	10,122,000
Bldg. permits .. $	858,000	—54.7	1,441,000
Life ins. sales $ 000	9,137	+26.4	7,553
Bank debits $000,000	822	+2.2	795
Elec. pwr. kw.h. 000	981,045	+9.1	943,684
Employment*	126.4	+3.9	128.5
Imports of raw cotton ... lb.	7,188,133	+17.8	5,579,684
Newsprint production . tons	253,230	+9.2	236,975
Index	147.9	+9.4	145.7
Ontario			
Constr. contr. ... $	6,902,000	+18.8	9,653,000
Bldg. permits ... $	2,087,000	+36.5	2,696,000
Life ins. sales $ 000	16,685	+39.4	12,793
Bank debits $000,000	1,114	+8.9	971
Elec. pwr. kw.h. 000	822,560	+14.3	767,661
Employment*	121.4	+4.8	116.2
Livestock slaughterings*	151.8	+6.7	155.5
Steel prodn. .. tons	124,000	+67.6	122,000
Auto prodn. ... no.	3,921	—35.6	3,475
Index	118.5	+7.2	115.8
Prairie Provinces			
Constr. contr. ... $	1,361,000	—50.6	2,193,000
Bldg. permits ... $	472,000	—53.3	1,041,000
Life ins. sales $ 000	5,328	+36.2	3,543
Bank debits $000,000	669	+13.2	407
Elec. pwr. kw.h. 000	171,868	+5.1	157,790
Employment*	116.4	+2.8	114.0
Wheat receipts bu.	176,409,000	+44.4	53,967,000
Wheat prices**	73,875	+16.6	54,875
Index	126.2	+7.8	118.6
British Columbia			
Constr. contr. ... $	*1,024,000	—8.8	1,615,000
Bldg. permits ... $	543,000	—11.6	764,000
Life ins. sales $ 000	2,797	+32.7	2,216
Bank debits $000,000	167.4	—9.9	164.6
Elec. pwr. kw.h. 000	169,025	+4.3	166,705
Employment*	118.7	+6.6	116.6
Exports ... $	12,453,911	+32.5	11,998,144
Shipping— Vancouver .. tons	1,104,714	+10.4	1,276,061
Index	131.2	+5.7	127.9

* 1926=100.
** Cents and eighths of a cent per bushel.

Power Stations Hit New Peak

All Branches of Industry Show Great Activity in September

From Our Own Correspondent

MONTREAL. — Canada's central electric stations established a new peak in September. Output rose to 2,380 million kw.h., compared with 2,168 million in the same month last year. The increase was shared by all five economic areas, with the largest percentage gain recorded by the prairie provinces and the largest gain in volume in Quebec.

Particulars of production by areas during September with comparative figures for last year follow:

(Thousands of Kilowatt Hours)
September

	1939	1938
Maritimes	76,964	73,933
Quebec	1,264,903	1,140,455
Ontario	696,931	628,387
Prairies	170,381	162,182
B. C.	170,632	163,478

Well Ahead of 1938

For the first nine months of this year the central stations produced 20,620 million kw.h. of electrical energy, as against 18.950 million for the like period of 1938. Quebec accounted for over half of the total output, as will be seen in the following table.

(Thousands of Kilowatt Hours)
January—September

	1939	1938
Maritimes	650,932	640,527
Quebec	11,081,828	9,936,697
Ontario	5,838,715	5,458,673
Prairies	1,594,439	1,469,232
B. C.	1,454,312	1.445,158
Total	20,620,226	18,950,487

Consumption Greater

Consumption of firm power, i.e., the output less exports to the United States and secondary power delivered to boilers, increased from 2,017 million kw.h. in September, 1938, to 2,220 million last month. The gain was general, but more particularly in Ontario and Quebec where the largest of the power industries are located.

For the first nine months this year consumption of firm power totalled 19,164 million kw.h., as against 17,616 million kw.h. a year ago. A breakdown of returns by areas follow:

(Thousands of Kilowatt Hours)
January—September

	1939	1938
Maritimes	637,599	628,421
Quebec	8,478,636	7,774,064
Ontario	6,999,848	6,300,102
Prairies	1,608,065	1,482,333
B.C.	1,439,623	1,431,097
Total	19,163,771	17,616,016

Exports Are Higher

Exports to the United States amounted to 160 million kw.h. last month compared with 152 million kw.h. in 1938. This brought total exports to the United States for the current year up to 1,455 million kw.h., compared with 1,334 million in the like period of 1939.

Keeping Posted

By J. C. KIRKWOOD

Men over 40, here's something for you. The Hoover Company, makers of vacuum cleaners, prefer middle-aged men to young men to act as salesmen. So it was reported to me by a Hoover salesman who is, I would say, in his 60's. Young men are unstable, impatient, easily detachable from a kind of work where success depends on persistence. Young men cannot get admission into homes as surely as can older men. As it was reported to me, the Hoover Company has openings always in the higher-up services available to men of mature years and of proven stability of character and purpose.

The middle-aged man would seem to be having an increasing esteem on the part of employers generally, judging from what one reads in the newspapers these days. In the motor industry, for instance, the man of 50, if he be competent, is highly regarded as a workman.

* * *

Groceries

Arthur Pond is a retail grocer in Saint John, N.B. In his store is a mechanical weather forecaster. So accurate have been the forecastings of this machine that Mr. Pond now invites, by newspaper advertising, his customers and others to call at his store to get the weather prospects for the following day. In telling about this novel custom-attractor, Canadian Grocer says that people from a wide area make it a practice to visit Mr. Pond's store, and when there they are pretty sure to make a purchase.

* * *

Spotlight on New Cars

The man who wants to check one make of motor car against another, in relation to its engineering features, should get a copy of the October issue of Canadian Automotive Trade. In both the editorial and the advertising pages of this issue most makes of cars are shown both as the eye sees them and as the engineer made them.

This 160-page issue of Canadian Automotive Trade can be called the bible of the 1940 motor car. Car manufacturers have so regarded it, and have told their individual stories with obvious understanding of the influence of this publication on dealers in particular. But for the man who intends to buy a new car—and the man or company planning to buy a new truck—there are hours of instruction in this issue of Canada's foremost automotive newspaper.

* * *

Paint House in 22 Minutes

We have heard of the one-armed paperhanger with the hives: he has come to be the standard example of a busy man, but could he be busier than the men who painted a 2-story frame house in Memphis, Tenn., in 22 minutes?

This city had a paint-up-fix-up week, and it had ambitions to be known as "the cleanest city." The painting of this house—which had gone unpainted for 11 years—was a stunt. The story, accompanied by a picture, appears in Canadian Paint and Varnish Magazine. Local Union No. 49 staged the stunt; 34 of its members ran to ladders and scaffolding already in place, and gave the entire house one coat of paint. Their performance was watched by a cheering company.

I am reminded of the story of the Irishman who was painting a house. Somebody spoke to him. He said "Whist! I'm near out o' paint." Probably not one of the 34 Memphis painters had time for conversation.

* * *

Newspaper Demise

Chicago, second largest city on this continent, has but one morning newspaper of general circulation, the Chicago Tribune. The exit of the Herald and Examiner as a morning newspaper is in line with the trend of present times—the trend to fewer morning newspapers. Among the reasons for the passing of the Herald, says Canadian Printer and Publisher, are: General shrinkage of newspaper advertising volume, coupled with the tendency of advertisers to concentrate their copy in the medium having field dominance; increase in raw material costs; increase in labor costs; and heavy taxes.

Comparatively few daily newspaper casualties have occurred in Canada in the past two years, comments Canadian Printer and Publisher, because the field is not so competitive as is the American, especially since it began gradually to narrow down some 15 years ago, in many cases, to one paper to a city.

"Home-Town Stuff"

69% comes first in the major market!

That's why the "home-town" Weekly Newspaper comes first in the reading and buying minds of the 7,750,000 consumers in Canada's smaller communities who make 69% of the country's retail sales.

The Weekly Newspaper is the one paper that is read and discussed by the whole family. Its "home-town" news is about people they know. Its "home-town" editorials deal with matters of intimate interest to them. Its "home-town" advertisements by local dealers are based on friendly knowledge of their needs.

The circulation of Canadian Weekly Newspapers in Canada's 69% "home-town" major market total 2,800,000. That's coverage for you. But coverage is only half the story. The secret of the success enjoyed by advertisers using the Weekly Newspapers lies in the fact that the Weekly Newspaper—and only the Weekly Newspaper—can offer the sales-making friendly introduction which builds regular users of a product.

Canadian Weekly Newspapers are first in reader interest and first in sales influence in Canada's 69% major market.

C. V. CHARTERS
Managing Director
BRAMPTON, Ont.

CANADIAN WEEKLY NEWSPAPERS ASSOCIATION

EXPERIENCE · STABILITY

The many years of investment experience and the facilities of an extensive organization are placed at the service of our clients. This service may be secured at any of our branches.

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

New Issue

Province of Nova Scotia
3½% Debentures
Dated Nov. 1, 1939. Due Nov. 1, 1951.
Price: 99.00 and interest, to yield about 3.60%

These debentures are issued in denominations of $1,000 only. Telephone or telegraph your orders at our expense.

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Ottawa Telephone: Elgin 0161 London
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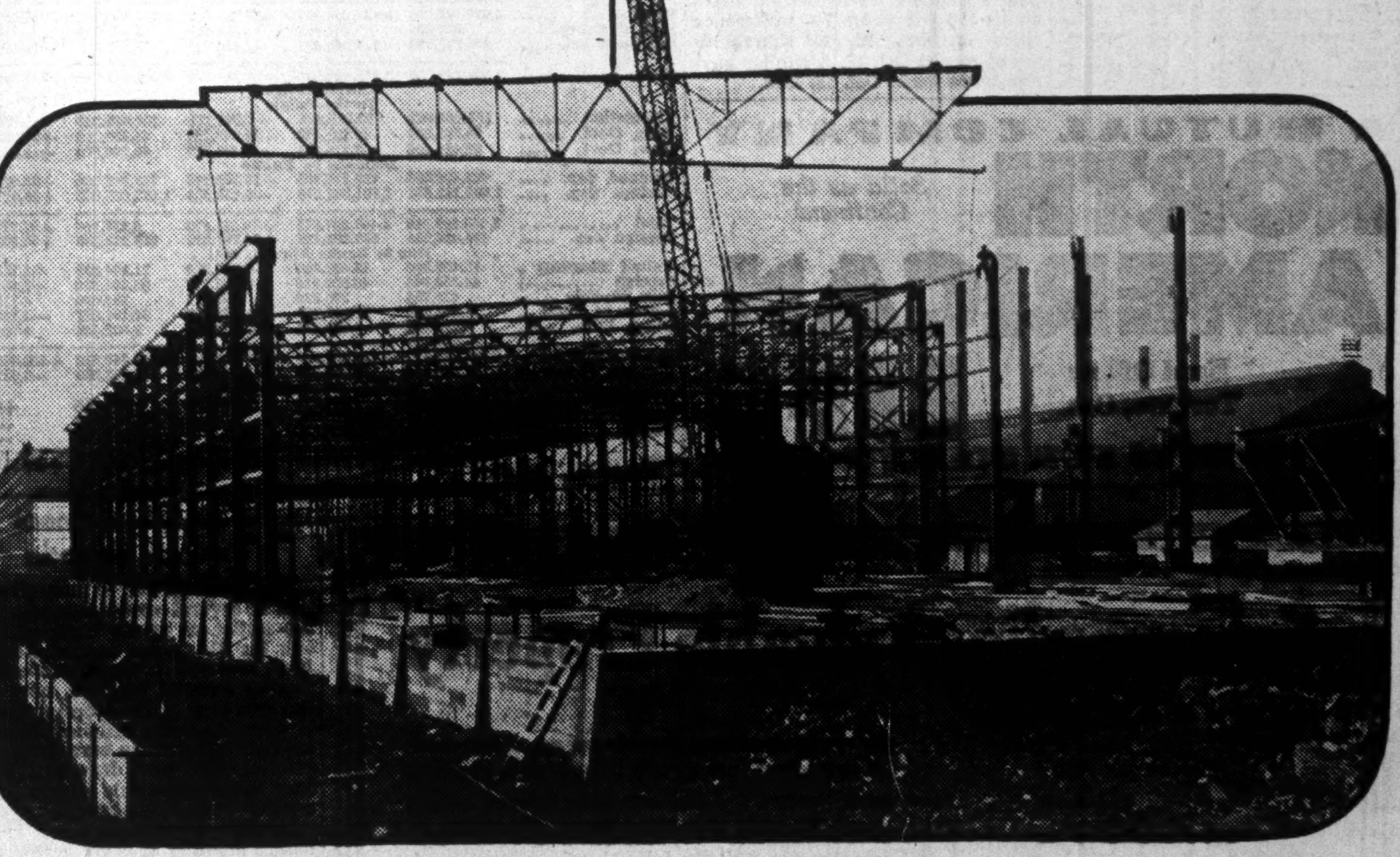
Support Your Credit Manager
WITH ADEQUATE TOOLS
As no single factor in your business dissipates profits as rapidly as bad debts.
Dun & Bradstreet of Canada, Limited

PROGRESS TAKES SHAPE



Steel superstructure of Algoma's new Tin Plate Mill, Sault Ste. Marie—fabricated and erected within three months by Sault Structural Steel Company, Ltd.

WHEN steel joins steel . . . and the struts of a solid superstructure are put in place—progress takes shape!

Backbones of steel bolster modern structures of every type—beams . . . channels . . . angles . . . flats . . . "H" columns . . . zees . . . tees . . . sheet piling—from these sections produced by the Men of Algoma, steel structures from coast to coast are fabricated and erected.

Wherever steel goes up, to signal another step forward, structurals from Algoma Steel are on the job.

Algoma Steel Corporation, Limited
Montreal — Sault Ste. Marie — Toronto

Pacific Coast Representatives: F. Drexel Company, Vancouver
Sheet Piling Engineers: H. E. McKeen & Co. Ltd., 801 Keefer Bldg., Montreal

Algoma structural sections are stocked by leading Canadian fabricators and warehousemen.

ALGOMA STEEL

THE WAWANESA
Mutual Insurance Co.
— ORGANIZED IN 1896 —
Assets ... $2,234,188.78
Surplus .. 1,057,853.38
Dom. Govt. Deposit .. 711,560.00
INSIST ON SECURITY — Then place your insurance on the basis of Broad Coverage and Favorable Rate — and save money on your Fire Premiums.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
2,000 Agents Across Canada

Before You Insure Consult
Confederation Life
Association
One of the World's Great Life Insurance Institutions.
Renowned for Strength, Service and Security
Since 1871.

HOME ASSURANCE COMPANY OF CANADA
Head Office
Lancaster Bldg., Calgary
Fire, Automobile, Health & Accident Insurance
Application for Agencies Invited.

Weekly Bank Clearings

	Oct. 26 1939 $	Change Year Ago %	Oct. 19 1939 $
Halifax	2,528,516	+ 6.0	2,917,273
Saint John	1,742,955	+ 7.9	2,053,395
Moncton	866,150	— 5.9	820,067
Sherbrooke	804,057	+ 4.2	800,070
Quebec	4,764,689	— 3.3	5,884,776
Montreal	85,469,615	—18.8	101,294,154
Ottawa	22,757,057	+39.2	22,858,617
Kingston	664,601	+15.4	735,814
Peterborough	575,248	— 2.6	746,124
Toronto	108,034,711	— 6.7	112,550,424
Hamilton	6,778,708	+32.1	6,325,297
Kitchener	1,063,095	— 1.8	1,367,985
Brantford	852,430	+10.0	948,816
London	2,513,616	+ 9.7	2,979,916
Chatham	586,304	+ 8.8	682,613
Sarnia	401,330	— 9.1	460,645
Sudbury	1,127,949	— 3.6	1,035,182
Windsor	2,538,673	— 5.6	2,770,874
Fort William	758,652	+ 7.3	869,264
Winnipeg	65,713,843	+29.2	68,401,450
Brandon	411,182	+ 9.7	498,144
Regina	8,424,022	+51.8	11,169,405
Moose Jaw	764,207	+15.5	1,059,226
Prince Albert	477,679	+28.1	558,813
Edmonton	4,879,642	+11.0	5,193,698
Calgary	9,042,343	—20.8	10,839,278
Medicine Hat	434,538	+ 5.4	491,485
N. W'minster	663,999	+10.3	689,925
Vancouver	18,144,812	+ 7.8	17,592,239
Victoria	1,702,339	+ 7.5	1,946,189
Lethbridge	670,456	—13.3	875,513

A MUTUAL COMPANY
NORTH AMERICAN LIFE
Solid as the Continent
Head Office: Toronto, Ont.
ALL PROFITS FOR POLICYHOLDERS

Banking

War Buying and Crops Expand Current Loans

Increased Demand for Merchandise and Movement of Wheat Causes Expansion of $65 Millions — Holdings of Long Term Investments Down

The increased activity in Canadian business is requiring a larger volume of bank credit. Canadian chartered banks for some weeks now have been reporting expansion in their commercial loans. While some improvement had been shown in August, the movement became greatly accelerated after the declaration of war in September. An increase of $12.4 millions in August over July was succeeded by a jump of $65 millions in September over August, the return of the chartered banks to the Minister of Finance shows.

While the war is an important factor in bringing about the increase, the movement of the large wheat crop in the West has also had some influence.

In September 1938, current loans increased $47.5 millions over the previous month. The guaranteed price for wheat last year was higher at 80 cents, compared with 70 cents this year, but the market price ruling this year in September was above the average for the month last year. With a heavier crop movement this year, wheat loans are probably as large or larger than they were a year ago.

Borrowing Against Grain

Even where the grain is not being shipped there has been a demand for credit. In some instances farmers are stated to be holding their wheat in their own granaries, looking for higher prices in the next few months. In such cases and where they have delivered it to country elevators but not handed it over to the Wheat Board, they are getting cash for their immediate needs by borrowing from the banks on the security of their grain.

The effect of the war is seen in the demand for credit from merchants and manufacturers who, fearing higher prices, have bought ahead. These increased inventories have largely been financed by bank loans.

Compared with a year ago, current loans are $62 millions higher. This expansion, at the same rate of interest or a little better, means larger earnings for the banks.

Greater stock exchange activity is reflected by an increase of $2 millions in call loans while a decline of $1.1 millions and $1.2 millions in the loans to provinces and municipalities appears to indicate an improvement in the position of those public bodies.

Higher at All Banks

The expansion in current loans was shared by all the chartered banks as follows: Montreal, $11 millions; Nova Scotia, $8.6 millions; Toronto, $3.3 millions; Provinciale, $0.4 millions; Commerce, $17.3 millions, Royal, $13.3 millions, Dominion, $4.2 millions, Nationale $1.1 millions, Imperial, $5.8 millions, and Barclay's, $0.2 millions.

Savings deposits during the month declined $9.7 millions, but were $59.7 millions over a year ago. Demand deposits in Canada were up $58 millions over August and $38 millions over last year.

Total loans in Canada gained in greater proportion than total deposits with the result that The Financial Post Credit Index, which is the ratio of current and call loans in Canada to demand and savings deposits, increased to 38.4 from 36.3 the previous month and 37.7 last year.

Total investments were down $5.5 millions from the previous month, but were $80.7 millions above last year. The decline was due mainly to a reduction of $10.9 millions in long-term government issues, and of $3 millions in municipals. Holdings of short-term government issues, public securities other than Canadian, and corporate securities were higher. The selling of the long-term government issues appears to be due partly to the desire of the banks to get cash for lending purposes.

Note circulation increased $7.3 millions for the month, but was down $3.8 millions from the previous year. The increase for the month reflects the greater demand for cash consequent on the greater general business activity.

Use of Bank Credit in Canada
(In Millions of Dollars)

	September 1939 $	August 1939 $	Change $	September 1938 $	Change $
Loans	1,070.7	1,005.9	+64.8	1,025.4	+45.3
Investments	1,501.8	1,507.3	—5.5	1,421.1	+80.7
Total	2,572.5	2,513.2	+59.3	2,446.5	+126.0
Deposits	2,455.7	2,407.1	+48.6	2,357.6	+98.1
Credit index*	38.4	36.3	+2.1	37.7	+0.7

*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

ASSETS

	September 1939 $	August 1939 $	Change $	September 1938 $	Change $
Immediately Available Liquid Assets					
Canadian coin	4,373,417	5,790,183	—1,416,766	5,282,417	—909,000
Bk. of Can. notes	54,037,977	57,645,819	—3,607,842	52,829,014	+1,208,963
Bk. of Can. depos.	221,023,344	201,318,349	+19,704,995	211,484,816	+9,538,528
Bank's cash	279,434,738	264,754,351	+14,680,387	269,596,247	+9,838,491
Other bank notes	4,746,465	4,946,491	—200,026	5,086,264	—339,799
Gold & sub. coin abd.	5,684,311	5,807,662	—123,351	5,328,019	+356,292
Foreign banks	221,521,874	262,868,634	—41,346,760	152,169,525	+69,352,349
Foreign curr.	33,779,857	30,720,034	+3,059,823	28,548,736	+5,231,121
Gov. sec. short term	446,436,928	443,343,995	+3,092,933	444,637,538	+1,799,390
Do., long term	732,896,698	743,873,020	—10,976,322	684,337,224	+48,559,474
Call loans abroad	52,063,655	41,843,104	+10,220,551	44,963,394	+7,100,261
	1,776,564,526	1,798,157,291	—21,592,765	1,634,666,947	+141,897,579
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	100,965,176	104,005,339	—3,040,163	102,567,077	—1,601,901
Public secs.‡	90,333,886	88,495,365	+1,838,521	63,155,384	+27,178,502
Other secs.	131,229,012	127,571,853	+3,657,159	126,697,555	+4,531,457
Can. call loans	51,167,663	49,106,766	+2,060,897	60,134,869	—8,967,206
Current loans	891,421,126	826,351,734	+65,069,392	828,903,218	+62,517,908
Loans abroad	147,696,966	140,896,518	+6,800,448	143,100,257	+4,596,709
Prov. loans	15,530,132	16,635,182	—1,105,050	22,303,236	—6,773,104
Mun. loans	112,581,442	113,830,618	—1,249,176	114,110,233	—1,528,791
	1,540 925,403	1,466,893,375	+74,032,028	1,460,971,829	+79,953,574
Other Assets					
Non-curr. loans	9,067,655	9,017,395	+50,260	9,817,994	—750,339
Real estate	7,863,783	7,867,564	—3,781	8,328,235	—464,452
Mortgages	4,181,065	4,129,466	+51,599	4,352,966	—171,981
Premises	72,188,368	72,271,057	—82,689	73,459,400	—1,271,032
Letters of credit	54,604,359	52,957,727	+1,646,632	57,104,867	—2,500,508
Loans to comp.	11,283,776	11,363,750	—79,974	11,249,363	+34,413
Other assets	2,056,401	2,152,082	—95,681	2,163,651	—107,250
	161,245,407	159,759,041	+1,486,366	166,476,476	—5,231,069
Total	3,478,735,336	3,424,809,707	+53,925,629	3,262,115,252	+216,620,084
Note circ. dep.	5,058,635	5,054,952	+3,683	5,468,814	—410,179
Int. bank bal.	120,976,784	118,561,892	+2,414,892	132,195,875	—11,219,091
Gross	3,604,770,755	3,548,426,551	+56,344,204	3,399,779,941	+204,990,814
LIABILITIES					
To the Public					
Circulation	100,184,603	92,816,492	+7,368,111	104,044,340	—3,859,737
Dom. Govt.	74,823,803	60,295,652	+14,528,151	48,693,138	+26,130,665
Prov. Govt.	52,424,404	56,215,581	—3,791,177	40,526,894	+11,897,510
Deposits by Public					
Demand dep.	763,496,393	705,171,205	+58,325,188	725,046,724	+38,449,669
Savings dep.	1,692,112,655	1,701,886,610	—9,773,955	1,632,585,066	+59,527,589
Total	2,455,609,048	2,407,057,815	+48,551,233	2,357,790	+97,977,258
Foreign dep.	490,094,254	500,892,172	—10,797,918	425,218,339	+64,875,915
Due to Banks Abroad, Etc.					
United Kingdom	15,480,849	13,457,949	+2,022,900	11,264,393	+4,216,456
Foreign	44,359,644	46,000,916	—1,641,272	35,904,380	+8,455,264
Bills payable	475,234	375,822	+99,412	356,006	+119,228
Letters of credit	54,604,359	52,957,727	+1,646,632	57,104,867	—2,500,508
Other liabs.	3,786,918	4,136,494	—349,576	3,002,465	+784,453
Total pub. liabs.	3,291,843,116	3,234,206,620	+57,636,496	3,083,746,612	+208,096,504
Due bet. banks	11,665,535	15,778,857	—4,113,322	17,692,959	—6,027,424
Liability to Shareholders					
Dividends	1,425,433	2,207,372	—781,939	1,416,864	+8,569
Reserve	133,750,000	133,750,000	......	133,750,000	......
Capital	145,500,000	145,500,000	......	145,500,000	......
Gross	3,584,184,084	3,531,442,849	+52,741,235	3,382,106,435	+202,077,649

‡Other than Canadian.

Maple Leaf Gardens Declares Dividend

Maple Leaf Gardens Ltd. has paid a dividend of 70 cents a share on its $10 par value 7% preference stock on Oct. 26, to shareholders of record Oct. 16. A similar payment was made Oct. 15, 1938.

Rise Of 6.7% In Bank Debits

The amount of cheques cashed by Canadians in September rose more than $170 millions or 6.7% over September, 1938. Expansion was due to the greater business activity resulting from the war and the larger western crop. Gains were shown in all economic areas except British Columbia.

Debits to Individual Accounts
$000,000

	Sept. 1939	Aug. 1939	Sept. 1938
Maritimes—			
Halifax	32.6	26.7	28.9
Moncton	9.6	9.1	9.0
Saint John	16.4	16.2	14.5
Total	58.6	52.1	52.4
Quebec—			
Montreal	723.9	685.3	722.0
Quebec	91.5	102.8	74.5
Sherbrooke	6.8	6.9	7.0
Total	822.3	795.1	803.6
Ontario—			
Brantford	9.8	8.1	8.4
Chatham	7.6	6.2	6.7
Fort William	5.9	6.3	6.0
Hamilton	54.7	53.5	53.0
Kingston	6.4	5.4	6.2
Kitchener	12.3	10.9	11.3
London	31.8	30.1	25.2
Ottawa	93.0	86.3	78.1
Peterborough	6.1	5.7	6.3
Sarnia	6.0	5.6	6.1
Sudbury	8.2	7.5	6.9
Toronto	840.6	714.8	775.1
Windsor	31.3	30.3	32.7
Total	1,114.2	971.2	1,022.5
Prairies—			
Brandon	3.3	2.7	3.3
Calgary	63.2	46.6	70.3
Edmonton	41.7	34.9	35.9
Lethbridge	6.0	4.5	7.4
Medicine Hat	2.4	2.0	3.7
Moose Jaw	7.9	5.7	7.2
Prince Albert	2.6	2.2	2.1
Regina	83.6	34.6	68.2
Saskatoon	12.0	9.1	10.4
Winnipeg	446.2	264.0	381.8
Total	669.1	406.6	590.5
British Columbia—			
N. Westminster	7.3	6.6	6.2
Vancouver	129.5	132.1	156.1
Victoria	30.5	25.8	23.3
Total	167.3	164.6	185.7
Total for Canada	2,831.6	2,389.7	2,654.8

Weekly Statement Bank of Canada

The first decrease in note circulation in several weeks is reported in the statement of the Bank of Canada for the week ending Oct. 25. The decrease probably reflects a smaller demand for cash, now that the first rush of the crop movement is over. In some instances soldiers are now being fed in barracks where formerly they were drawing subsistence allowance. This also means a smaller demand for cash.

Further increase is shown in the bank's holdings of government short term issues, while long terms are lower. Deposits of the chartered banks are up almost $28 millions, possibly reflecting reserves against expansion in public deposits.

Balance Sheet

	Oct. 25 1939 $	Oct. 18 1939 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	226,330,701	230,330,724
Rest fund	1,903,515	1,903,515
Depos.: Dominion	36,145,868	47,511,851
Banks	231,418,822	213,632,442
Other	17,093,764	17,433,250
Total deposits	284,658,454	278,577,543
All other liabs.	6,953,949	8,777,016
Total liabs.	524,846,619	524,588,798
Assets		
Reserve: Gold	225,674,987	225,674,987
Res. in sterling and U. S.	50,743,101	51,535,903
Other curr.	1,870	128
Total reserve	276,419,958	277,211,018
Subsidiary coin	172,565	197,059
Advances	1,000,000	1,000,000
Investments:		
Dom. govt. short	185,212,861	179,624,888
Other Dom. govt.	55,643,719	57,523,072
Total invest.	240,856,580	237,147,960
Premises	1,662,756	1,663,459
All other assets	4,734,760	7,369,301
	524,846,619	524,588,798
Reserve ratio	54.09%	54.47%

Safeguarding Valuable Property

Have you considered the value of an outside check on your plant watchman? If he could be held up by burglars . . . become ill or injured . . . spend the night sleeping, without anyone knowing about it until the following morning, an outside check on the watchman's movements would give your property greater protection from fire and theft.

A Watchman Patrol and Manual Fire Alarm System places your property in the care of a Company whose sole business is property protection. In addition, it provides a fire alarm system available for use any hour of the day or night.

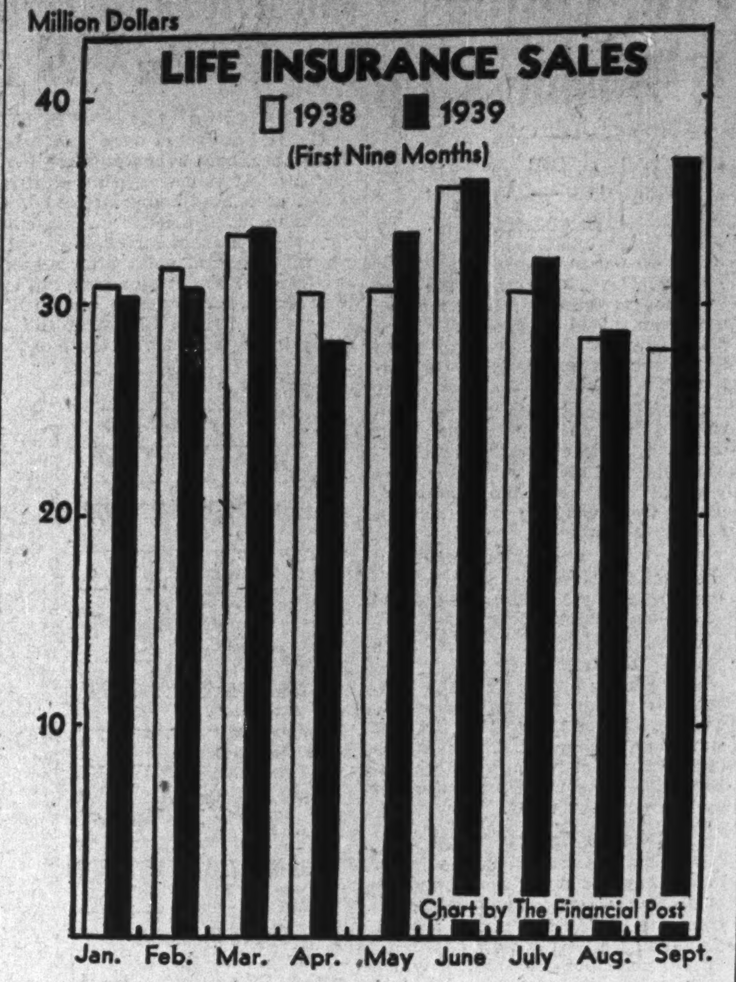
The lowest insurance rates are granted where our Watchman Patrol and Manual Fire Alarm Systems are employed.

Other Dominion Protective Systems include: Automatic and Manual Fire Alarms, Sprinkler Supervisory Systems, Electric Burglar Alarm Systems.

Where Central Station Service is not available we are prepared to install Local Systems connected to the Fire or the Police Department.

DOMINION ELECTRIC PROTECTION COMPANY
Central Stations located at
TORONTO MONTREAL QUEBEC OTTAWA
HAMILTON LONDON WINNIPEG
DOMINION PROTECTIVE SYSTEMS

United States Fidelity & Guaranty Company
TORONTO



SALES JUMP

Life insurance sales in Canada in September jumped $9.2 millions or 32.9% over September last year and $8.5 millions or 39% over August. The big increase was due to a rush to buy insurance, immediately following the outbreak of war, before the companies inserted war clauses in their policies, providing for an extra premium payable by those going overseas in the armed forces. Sales in October, it is understood, have been running at about the same, or possibly a little below the level of October, 1938.

Insurance

Liability Insurance Gets Interest From Auditors

A number of court decisions in recent years, placing greater responsibility on accountants and auditors, has drawn attention to accountants' liability insurance. Companies writing this class of insurance report receiving many enquiries from accountants, agents and brokers who, feeling that the tendency of the law courts is to increase their responsibility, are seeking protection.

The need of this coverage is especially felt in view of the difficulty that often confronts auditors in discovering defalcations. Defaulters are often very clever in covering up their tracks and even an experienced and capable accountant may fail to find the fraud.

A case which came before the Quebec courts not long ago illustrated the view that is sometimes taken of an auditor's responsibility.

A certain company employed an auditing firm to examine its books.

An employee of the company when payments were made, especially if by cheque, would not enter the amount properly in all the books where it was supposed to show. He used cheques on inactive accounts for this purpose and would persuade another employee to write off the amount as a bad debt.

The books were audited several times by the auditing firm. They did not discover the fraud, which was finally discovered by another employee. The amount of the fraud was $6,000. The insurance company which had bonded the defaulting bookkeeper for $5,000 and was responsible for that amount then sought to recover from the auditing firm.

Auditor Responsible

The court held that the duty of an auditor is not only to see that the books are mathematically correct, so that a statement of affairs may be made from them, but also to see that the books show the true state of affairs. An auditor, it was ruled, must show reasonable care and skill before he declares that what he certifies is true and that the auditors in this particular case had been employed to make a complete examination of the books and therefore to see that they represented the true state of affairs.

The court held that they had not done so, because it was possible by a proper comparison of the items in the various books, to discover the whole amount that had been taken.

Losses Frequent

Fidelity losses are a daily occurence. When the dishonesty is eventually found, the question is asked: "Why was this loss not brought to light by the audit?" Quite frequently this question means the beginning of a law suit against the accountants by either the employer or the insurance company. The auditor might not be at fault at all for failing to discover the shortage. But if legal action is taken it might cause him a great deal of expense to establish that fact.

Insurance policies on the market provide not only for protection against legal liability of auditors but also to defend the policyholder against suits that are not sustained by the courts.

Insurance Problems

Par or Non-par Insurance

I am a man 35 years of age and am considering buying a family income policy to mature at 60 or 65. I am solicited by one of the largest participating companies, also by another company that sells non-participating. I will be very glad to have your advice as to whether I should buy participating or non-participating.

—

The question of participating versus non-participating insurance is one that has been discussed a great many times and really never been settled. The choice depends on so many different individual factors, such as the amount one is prepared to pay in premiums, etc. You will understand, of course, that in the non-participating policies you pay a lower premium at the outset than in one that participates in profits. On the other hand, you get no dividends in return. When interest rates are good, and the companies making money, the dividend is larger and when business is bad and interest rates low, dividends are smaller. You will recall no doubt that policy dividends of most life insurance companies, were cut sharply in the years following the depression which began in 1930.

If a person feels that the rate of interest and the earnings of a company are likely to be maintained at present levels or go higher in the next few years, a participating policy would appear to be the best buy as the company would be able to maintain or increase its policy dividends. But if one feels that the earnings of the company may be smaller, then possibly non-participating might be preferable.

Dominion Oilcloth Pays Another "Extra"

From Our Own Correspondent

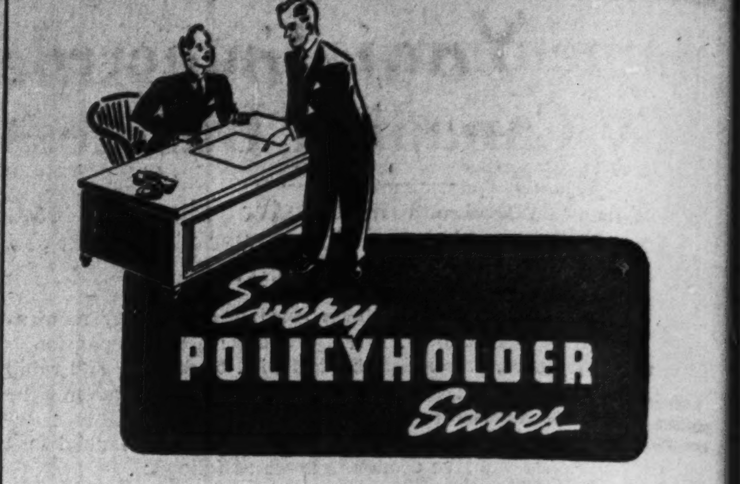
MONTREAL.—Dominion Oilcloth & Linoleum Co. announce an additional extra dividend of 10 cents a shares has been declared on the common stock, payable Oct. 31, to shareholders of record Oct. 16.

This dividend is in addition to the disbursement of 30 cents a share plus an extra of 10 cents a share declared in July last, and also payable Oct. 31. The total disbursement at the end of the month, therefore, will be 50 cents. This brings payments for 1939 to $1.60, compared with $1.50 in 1938. The stock is considered on a $1.20 per annum basis, plus extras.

Obituaries

G. R. Caverhill, president of Caverhill, Learmont & Co., Montreal, aged 43, at Montreal.

C. E. Marchell, general auditor of the C.P.R., aged 38, at Montreal.



Every POLICYHOLDER Saves

As well as the wide protection and personalized service of Northwestern Insurance, all policyholders participate in the savings of the Company.

Every day in the year, under the conservative management of this leading mutual Company, effective fire prevention measures help build savings that are distributed to the Company's policyholders.

Under the Northwestern Mutual Plan, **every** policyholder saves.

Write or phone for the name of the Northwestern Agent in your territory.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
Toronto - Hamilton - Ottawa - Halifax - St. John - Quebec City - Montreal
Moncton - Winnipeg - Saskatoon - Edmonton - Calgary - Kelowna
Victoria - Nanaimo - Vancouver

Lumbermens Mutual Casualty Company
Announces the establishment of its
BOILER AND MACHINERY DEPARTMENT OF CANADA
with E. F. Aldridge as Manager
LUMBERMENS MUTUAL Casualty Company

The Independent Order of Foresters

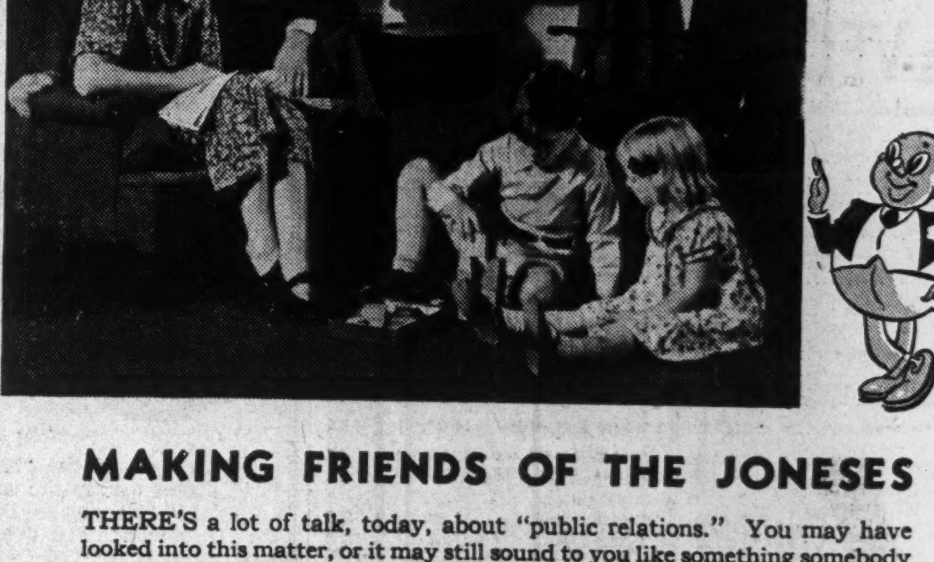
The Certificates issued by The Independent Order of Foresters furnish a wide range of insurance protection. Membership covering in addition valuable fraternal benefits.

Mortuary Benefits, Sick Benefits, Disability Benefits, Old Age Benefits, Monthly Income Disability, Automatic Non-forfeiture Privileges, and Certificates maturing at ages sixty and sixty-five.

ASSETS OVER $44,000,000.00

FRANK E. HAND, *Supreme Chief Ranger*

Head Office: Toronto, Canada



MAKING FRIENDS OF THE JONESES

THERE'S a lot of talk, today, about "public relations." You may have looked into this matter, or it may still sound to you like something somebody else ought to do something about. "Public relations" means, in the simplest sense, making friends of the Joneses—and the Smiths—and the Browns. As a seller of service or merchandise to the Joneses and the Smiths and the Browns, is there anything *more important* to your firm than their friendship?

If yours is a large firm, ten to one the Joneses don't like you. This is not your fault . . . the sad fact is that the Joneses distrust "big business," they deal with it grudgingly, out of economic necessity. "Big business" is today facing this fact . . . breaking down barriers of animosity and distrust . . . improving public relations.

Radio is the ideal public relations medium. Radio gets right into the Jones family circle . . . talks to the Joneses while they eat their meals and sit around their fireplace . . . entertains and instructs them . . . makes of your remote "big business" a trusted friend. This is what radio *can* and *will* do for you when capably handled. Discuss this with your advertising agency —they will be glad to suggest how you may meet and make friends of the Joneses through the medium of radio. All-Canada stand ready to co-operate by supplying the necessary information on times, rates, station coverage and all the technical details, and if required, will gladly audition a programme for consideration.

ALL-CANADA
ALL-CANADA RADIO FACILITIES Limited
MONTREAL TORONTO WINNIPEG CALGARY VANCOUVER
Exclusive Representatives of Leading Stations from Coast to Coast

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Abitibi Stocks

I would like some résumé of the position of the preferred and common shares of Abitibi.

Position of the common and preferred stocks of Abitibi Power and Paper Co. depends largely on the outcome of efforts now under way to reorganize the company. Since 1932 Abitibi has been operated by a receiver and manager and has paid no interest on its $48.2 millions of first mortgage bonds, to say nothing of dividends on its stocks.

Bondholders have a proposal advanced to reorganize the company through a judicial sale and to give preferred and common shareholders rights to purchase stocks. This proposal is now held up because of opposition from the Ontario Government, which has indicated that this type of reorganization would not be acceptable. There is also a proposal, sponsored by an independent committee and also supported by representatives of equity holders, to reorganize the company on other lines. This latter proposal, which would be more favorable to shareholders, has not yet received any support from bondholders, and we are told it is doubtful if such support will be forthcoming.

From a standpoint of operating conditions, Abitibi appears to be in a period of improvement. Like other newsprint companies it has already benefitted from a war-inspired demand for newsprint to the United States, which will be supported by the rise in business activity in that country. It is clear, however, that from a study of the company's earnings records for the past few years that a strong improvement in profits would be necessary to leave any balance of earnings available for the common and preferred shares, after allowing for payment of interest on prior obligations. From the speculative standpoint, shares of newsprint companies are active and widely sponsored in Canadian markets. In purchasing the shares of this company, you must remember that you would be involving yourself in a reorganization with considerable doubt as to the outcome from your standpoint.

Can. Marconi

Please be good enough to let me have a report on Canadian Marconi Co. I would like to know if the company is likely to have a good year.

Canadian Marconi Co.'s operations have been somewhat unsettled since the war started. There has been a very satisfactory increase in certain departments, notably the sale of radios and other receiving sets, but there has been a decline in other types of business, notably the transatlantic radio telephone service which has been cut off for private use. It is very difficult to say just how the year will turn out because it is too early to say how certain departments will fare under the new conditions. On the other hand, prospects are that the increases experienced in some sections of the business will offset the declines in others and that the year as a whole will be satisfactory.

Fairchild Aircraft

I should like a report on the prospects of Fairchild Aircraft. Do you consider the common shares a promising speculation?

Fairchild Aircraft common stock is an interesting speculation, the outlook for which has undergone improvement in recent weeks. Present prospects are that there will be large aircraft orders placed in Canada, especially as this country is to be the training centre for the air forces of the Empire. Fairchild should share in this business.

Earnings of the company in the year ended June 30, 1939, were equivalent to 19 cents a share on the common stock. Profits this year should be higher. No earnings from Fairchild's share in the Canadian Associated Aircraft order from the British Government were included in the 1938-39 income statement.

One handicap from which the company has suffered is lack of adequate working capital. Plant expansion and purchase of equipment was provided for recently through the sale of $150,000 of convertible notes.

Alberta Bonds

I would like to have your opinion of the outlook for Province of Alberta bonds.

Prospects for Alberta bonds are better than at any time in the past three years. There now appears to be a possibility for an arrangement which will give bondholders a better deal than at present.

There are a number of factors which support this view. In the first place, the political situation has improved. The Social Crediters have become less aggressive and are showing some signs of being more orthodox in their policies. Furthermore, the political strength of the Aberhart Government has been weakened and it is doubtful whether it will be returned to power when it goes to the electorate next year.

A recent report on the Alberta debt situation made for the Aberhart Government by Dr. Jacob Viner, University of Chicago economist, suggested the province should negotiate with bondholders for correction of the default. Dr. Viner did not say the Government should pay full statutory interest rates but stated it could pay more than at present. It is possible the Government will take Dr. Viner's advice.

The report of the Royal Commission on Dominion-Provincial Relations will make certain recommendations, which, if adopted, will improve the position of the province. It is also likely to suggest a plan for refunding provincial debts at a rate somewhat higher than Alberta is now paying.

Then, again, the larger crop in western Canada should mean higher revenues and improvement in the financial position of the Alberta Government.

There is little possibility of bondholders securing full interest rates. All political parties in Alberta favor a refunding scheme at an interest rate lower than the average of full statutory rates.

Algoma Central

I am thinking of purchasing the 5% income bonds of Algoma Central and would like a summary of the company's position. Under what terms is bond interest payable?

Interest on the Algoma Central & Hudson Bay Railway Co. 5% first mortgage income debenture stock and bonds has been accruing but not paid since Dec. 30, 1930. Until net earnings of the company for three consecutive years have been sufficient to pay the current bond interest, interest is only payable to the extent that it is earned, but such interest is cumulative; after net earnings have been certified to have fulfilled the above conditions, interest in full will then be payable, and any arrears previously incurred will also be payable prior to the payment of any dividends on the capital stock of the company.

Earnings in recent years have been insufficient to provide any balance for these income bonds after providing for senior charges and depreciation. Nor is there much prospect that the company will be in a position to make any payment on these bonds for some time to come.

The Ontario Government has a tax claim of $1.4 million filed against the company but nothing further has been done with this case since the writ was filed last April. Algoma Central handles the ore from the new Helen Mine as far as the Michipicoten Harbor. It also derives some revenue from shipment of finished products from the Algoma Steel Co. mills. Another important source of revenue is pulpwood cut on the company's limits. Activity in this line has been quiet for the past couple of years, but prospects are that improvement will be noted in the coming year.

Cockshutt Plow

Will the better grain crop in the Canadian West affect Cockshutt Plow Co. favorably?

Cockshutt Plow Co. should benefit from any increase in the purchasing power of the agricultural population of Canada such as is now indicated. The larger crop being now harvested in western Canada, plus somewhat better prices likely to be realized, indicates that probable demand for farm machinery will be greater next year. For the year which ends Nov. 30 of this year, however, benefit from this will not be very great. This company's plant is also available for making war munitions.

Income Taxes Compared

Canadians Pay More Than Americans But Much Less Than British

Canadians who grumble about their income tax burdens may feel a little better when they take a look at what their cousins in the United Kingdom have to pay.

British income taxes, always considered heavy, were increased sharply in the war budget brought down recently when the standard rate was raised from 5s 6d in the pound to 7s 6d or an increase of 37½%. On the basis of $5 to the pound and 25 cents to the shilling the standard tax therefore is equal to $1.87½ in every $5.

Not only was the standard rate of taxation increased but allowances were reduced. The exemption for single persons was cut from $625 to $600, the personal allowance to married taxpayers from $900 to $850 and the allowance for children from $300 to $250 each.

The maximum allowance for earned income has been reduced from $1,500 to $1,250 per annum.

Comparisons with Canada and the United States in exemptions are as follows:

Exemptions	*U. K. $	Canada $	U. S. $
Single earners	600	1,000	1,000
Married couples— No children	850	2,000	2,500
Each child	250	400	400
Max. earned inc. allowed	1,250	14,000	14,000

*£1 taken as equal to $5.

The rates of the surtax have also been increased especially on the higher incomes. There are, however, some mitigating features in the new tax schedule and one of these is that in the case of a man whose income has fallen by 20% or more from the previous year's level, he will be allowed to pay the tax due on the lower income. Thus where a man had an income of $3,000 in the last income tax year and his revenues from all sources have this year fallen to $2,000, he will be allowed to assess his tax on the $2,000. Then, too, while the standard rate has been raised to 7s 6d in the pound, this rate will not apply to income for the last half of the current year. The rate used will be 7s in the pound. On the other hand, the rate on the reduced income zone that is on the first $675 of income will be increased from 41 cents to 56 cents for every $5. But this increase will be partly offset by raising the limit on the reduced income zone to $800.

The higher rates of taxation were announced as an effort by Great Britain toward conducting the war on a pay-as-you-go policy. Later on, Sir John Simon, Chancellor of the Exchequer stated, a new national loan will be issued but the time for that has not come yet.

As will be seen from the table given below, the income tax paid by the citizen of the United Kingdom is much larger than that paid either in Canada or the United States. Compilation in all cases is based on the maximum allowances for earned income as distinct from investment income. Total Canadian rate is based on that payable in Ontario, in other words the Ontario tax plus the Dominion.

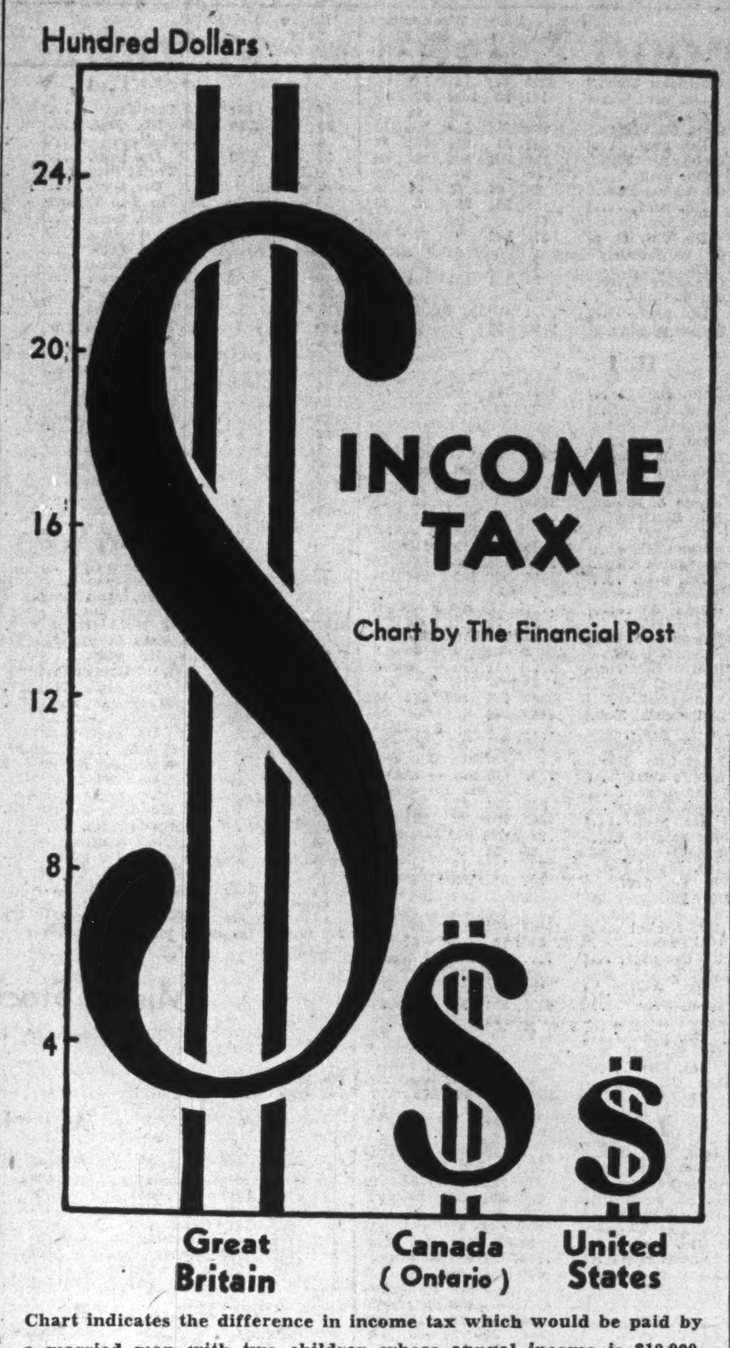


Chart indicates the difference in income tax which would be paid by a married man with two children whose annual income is $10,000.

Income:	Single Persons: United Kingdom	Single Persons: Canada (Ont.)	Single Persons: United States	Married Couples No Children: United Kingdom	Married Couples No Children: Canada (Ont.)	Married Couples No Children: United States	Married Couples Two Children: United Kingdom	Married Couples Two Children: Canada (Ont.)	Married Couples Two Children: United States
	All figures in dollars								
1,000 ...	60	......	......	......	......	......	......	......	......
2,000 ...	280	45	40	150	......	......	60	......	......
4,000 ...	905	195	120	775	102	60	585	53	28
10,000 ...	2,835	938	620	2,805	776	560	2,620	653	368
20,000 ...	7,655	3,404	1,450	7,525	3,285	1,260	7,335	3,034	1,164
40,000 ...	19,595	10,539	6,240	19,460	10,304	6,260	19,275	10,239	6,188
200,000 ...	148,970	102,525	153,071	148,835	101,947	152,971	148,650	101,484	152,939

Steel Wares Sales Expand

From Our Own Correspondent

MONTREAL.—September sales of General Steel Wares were 23% over the like month a year ago, and returns for the third quarter were better than those of a year ago. Volume of new business signed up during the first half of October shows a substantial increase over the same period last year.

Reflecting this improvement in the company's position the board has declared a dividend of $1.75 a share on the preferred stock, payable on Nov. 15 to shareholders of record Nov. 1. This dividend covers the three months ended July 31.

In view of the large increase in the volume of business, one of the principal problems is the maintenance of adequate supplies of raw materials. Ordinarily the company secures the major share of its materials from England, but under present conditions it is difficult to get supplies. However, the present inventory position of the company is satisfactory and arrangements are being made which will assure continuity of supplies.

CUB AIRCRAFT STOCK

From Our Own Correspondent

MONTREAL. — Montreal Curb Market has called for trading 1,500 additional no par value common shares of Cub Aircraft Corp. This makes the total number of shares issued 73,007, including 49,211 shares which are held in pool.

FOREIGN EXCHANGE CONTROL BOARD

NOTICE

All persons exporting property from Canada, or importing property into Canada, or receiving any foreign currency in Canada or abroad, or dealing in any way with foreign securities or other foreign assets should take notice that activities of this character are subject to the provisions of the Foreign Exchange Control Order. This Order was passed under the authority of the War Measures Act, and it is encumbent upon all concerned to become familiar with the Order and the Regulations of the Board. Penalties have been established for infractions of the Order or Regulations.

Under the Order any resident who had in his possession, ownership or control on September 15th, 1939, any foreign exchange valued at more than $1,000 or any foreign securities valued at more than $1,000 is required to declare them to the Board. Notice is hereby given that any resident who has not filed such declaration with the Board by November 15th, 1939, will be considered to be in default under the provisions of the Order.

Notice is also given that the Board has provided a special form of permit for exporters who are being allowed to make exports for payment in Canadian dollars. Temporary arrangements previously made in this regard will be terminated on November 30th, and any exporter who has not then obtained a special **"Control Permit-Canadian Payment"** from the Board will not be able to make any further exports otherwise than for payment in foreign exchange. Any exporter who wishes to make shipments for payment in Canadian dollars and who has not yet made application in this connection to the Board should do so immediately, giving full particulars of the nature of the transactions.

For the information of the public, the Foreign Exchange Control Order and Regulations 1 to 34 of the Board are contained in special issues of the Canada Gazette dated September 15th, 17th, 23rd and 25th and October 23rd. Copies may be obtained from the King's Printer, Ottawa.

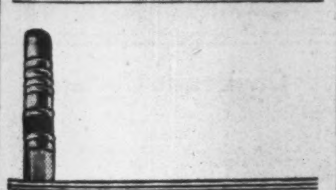
Further information may be obtained from the Board, from Collectors of Customs and Excise and from Canadian banks.

CITIES RISE

on Savings

Savings of thrifty people like you and your neighbor built the city in which you live ... its homes, its factories, its great buildings. Since 1855, the Canada Permanent has been helping people to save, and has been providing the funds which make construction possible. Firm faith in Canada, coupled with sound judgment, still governs the policy of the Canada Permanent. It is ready to serve YOU.

CANADA PERMANENT
Mortgage Corporation
Head Office, 320 Bay St., Toronto
ASSETS EXCEED $69,000,000



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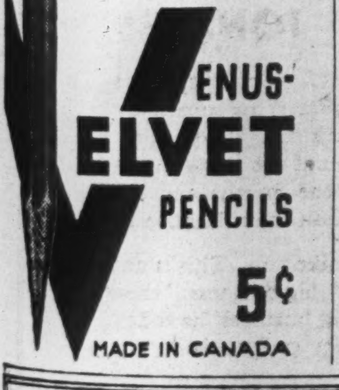

An Indispensable Function

Modern business is so complicated, and specialized knowledge of it so necessary, that the function of a trust company —as executor or co-executor of wills; as trustee or guardian; as manager of securities — is a service essential for every estate.

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Toronto Office:
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INVESTMENT REPORTS

Investors may study companies in which they are interested and follow their operations by securing The Financial Post Corporation Service reports. These complete reports may be obtained by themselves, or with a follow-up news service which supplies current information on operations throughout the year.

Individual reports cost $1 each. Individual reports plus the follow-up news service may be secured on any Canadian companies you select at the rate of $1.25 per company per year for 1 to 9 companies and $1.20 per company for 10 or more companies.

The Financial Post Corporation Service reports are recognized as the most complete on Canadian companies—and they are authoritative. These reports give full particulars on the set-up and securities of a company, its dividend record, stock market record, earnings per share for the past 10 years and comparative balance sheets and earnings statements for a 7 year period, if available.

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OUR Investment Booklet contains an article dealing with Dominion credit in wartime.

There is also included a wide choice of Dominion, Provincial and Corporation securities.

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TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
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THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1938), $11,074,577
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

The Western Savings and Loan Association
Winnipeg, Canada

STATEMENT OF CONDITION

As at August 31, 1939

ASSETS		LIABILITIES	
Cash in Banks	$ 71,091.02	Total Liability to the Public, being liability to Certificate Holders	$1,880,441.31
Government Bonds and Other Securities, being legal investments for the Association..	1,552,944.44		
Mortgages	678,322.73		
Certificate Loans	62,373.58		
Real Estate	1.00	Surplus Security to Certificate Holders	484,292.46
Furniture and Equipment	1.00		
	$2,634,733.77		$2,634,733.77

More Than One and One-Quarter Millions Repaid to Investors

Builders of Empire

The early Canadian Colonists were people of enduring strength and possessed the ability to do a variety of exacting tasks well. Colonial Bond named in tribute to them, possesses these characteristics too.

For this fine rag-content paper, though moderate in cost, is tough and enduring . . . made with three distinguished surface finishes and a variety of smart colours . . . to serve the many purposes of business efficiently and well. It does so, as distinguished Letterheads, practical Office Forms, and such important documents as Insurance Policies.

COLONIAL BOND

The beautiful Colonial "Cold Pressed" Finish usually found only in expensive papers, places this moderately priced rag-content paper in a class by itself. We will gladly send samples on request.

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HIGH GRADE PAPER MAKERS SINCE 1882
MONTREAL
Branch Office: TORONTO, Ont. Mills at ST. JEROME and MONT ROLLAND, Que.

The Week's Quotations

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING OCTOBER 30

Mining Stocks

Week Ending October 30

Vancouver Stocks

Oil Quotations

Par Val.	Range 1939 High	Low	Company	Sales	Close Oct. 23 (or last)	High for week	Low for week	Close Oct. 30
1	.30	.11	Alta. Pac. Cons.	1,300	.21	.21	.21	.21
1	.01	.00½	Amalgamated	......	(.00½ bid	.01 asked)		
No	1.52	.60	Anglo Canadian	5,100	1.20	1.20	1.14	1.15
No	.16	.05	Anaconda	......	(... bid	.09½ asked)		
No	.08	.04	Associated Oil	......	(.03 bid	... asked)		
No	.04	.01	Baltac	......	(... bid	.04 asked)		
No	.33	.14	Brown Oil	2,000	.23	.21½	.21½	.21½
No	.19½	.06	Brit. Dominion	......	(... bid	.19 asked)		
No	2.75	1.15	Calgary & Ed.	3,695	2.50	2.46	2.40	2.45
1	.64	.21	Calmont	2,600	.46	.45	.44	.44
No	.58	.26	Commoil	......	(... bid	.37 asked)		
1	.36	.21½	Commonwealth	1,500	.25	.25½	.25½	.25½
No	.68	.33	Dalhousie	......	(.60 Oct. 13)			
No	.59	.24	Davies Pete	......	(.32 Oct. 17)			
No	.12	.04½	East Crest	1,000	.07	.07	.07	.07
No	.26½	.18	Extension	9,500	.25	.24½	.24	.24½
25c	.13	.07	Firestone	1,000	.10	.08½	.08½	.08½
No	1.40	.55	Foothills	200	.70	.70	.70	.70
No	.17½	.02	Freehold	2,000	.03	.03	.03	.03
25c	.13	.09	Foundation Pete	900	.11	.10	.10	.10
No	.15½	.08½	Four Star	600	.13	.12	.12	.12
No	.21	.08½	Hargal	......	(.20 bid	.25 asked)		
No	.35	.15	High Sarcee	......	(.20½ bid	... asked)		
No	3.75	1.22	Home Oil	2,700	2.90	2.88	2.77	2.87
No	.07½	.02	Madison	700	.04	.04	.04	.04
No	.09	.02½	Marjon Oil	20,000	.04½	.04½	.04½	.04½
No	.22½	.09	McD. Segur Ex.	4,300	.16	.15½	.15	.15½
1	.22	.06	McLeod	......	(.12 bid	... asked)		
No	.13	.05½	Mercury	600	.08	.08	.07	.07
No	.07½	.03¼	Mill City Pete	......	(.05½ Oct. 13)			
No	.10	.04½	Midwest Pete	......	(.10 Sept. 26)			
1	.49	.20	Model	1,200	.30	.30	.27	.27
25c	.11	.06	Monarch Royal	300	.09	.08	.08	.08
25c	.16½	.08	National Pete	1,000	.13	.12	.11½	.11½
1	.12	.05	Nordon	......	(... bid	.07 asked)		
No	1.70	.66	Okalta	1,700	1.32	1.30	1.25	1.26
No	.12	.03	Pacalta Oil	1,000	.06	.06	.06	.06
1	.52	.37	Pacific Pete	2,500	.49	.44	.40	.40
25c	.24½	.17	Prairie Royal	2,100	.23½	.23	.22½	.23
No	.13½	.09½	Royal Crest	......	(.12½ bid	.13 asked)		
No	45.00	29.00	Royalite	270	40.00	40.00	40.00	40.00
No	.23	.18	Royal Canadian	31,050	.22½	.23	.22	.22
No	.11½	.02½	South End	......	(.05½ bid	... asked)		
No	.75	.25	Southwest Pete	200	.45	.45	.40	.45
1	.12	.04	Spooner	......	(.06 bid	... asked)		
25c	.41	.30	Sunset Oil	......	(... bid	.40 asked)		
No	.16½	.06½	United	2,600	.10	.10	.09	.10
No	.13	.04½	Vanalta	500	.07½	.07	.07	.07
1	.90	.35	Vulcan	800	.55	.56	.53	.53
No	.07½	.05	West Flank	......	(.05 Aug. 12)			

Winnipeg Stocks

(Transactions from Oct. 23 to Oct. 28)

	Sales	High for period	Low for period	Close Oct. 28
Beresford Lake	2,000	.20	.20	.20
Central Manitoba	11,700	.04¾	.04	.04½
Dominion Envelope, pfd.	14	99.00	98.00	99.00
Flin Flon	13,000	.01	.01	.01
Federal Grain, pref.	233	43.25	41.38	43.12
Grouped Income	70	5.65	5.65	5.65
Great-West Life	3	215.00	215.00	215.00
Home Investment	25	13.00	13.00	13.00
Gurney Gold	11,812	.01¾	.01¼	.01¾
Ore Grande	2,000	.03	.03	.03
Packsack	500	.03	.03	.03
Reliance Grain, pref.	20	53.50	53.50	53.50
Shenango	1,000	.04½	.04½	.04½
Sachigo	296	5.50	5.25	5.25
Western Breweries	1,025	1.55	1.50	1.50
United Grain	37	8.25	8.00	8.25
Western Grain, pfd.	100	8.63	8.50	8.63
Western Life	50	9.00	9.00	9.00
Western Steel	80	9.00	9.00	9.00
Wingold	17,800	.05	.04	.04¾
Wings	100	.25	.25	.25

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	2⅝	..
Do., pref.	..	97½
Can. Indemnity	125	..
Dom. Envelope	2	2¾
N. Can. Mtge., pf.	2⅛	..
North. Mtge.	1⅛	..
North. Trusts	6	..
Traders Bldg.	56	..

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Oct. 31	38,700	41,100	318,000	35,251
Oct. 30	34,200	66,400	393,000	18,220
Oct. 28	19,300	36,100	282,000	21,950
Oct. 27	47,800	53,700	377,000	40,978
Oct. 26	81,800	44,300	551,000	40,617
Oct. 25	51,500	30,300	423,000	29,800

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Oct. 31, 1939

Dominion of Canada Bonds

%	Due	Bid	Ask	Approx. Yld.
1½	June '40	99¾	100¼	.63
4½	Sept. '40	102½	103¼	.46
1	Mar. '41	99¾	99¾	1.10
5	Nov. '41	106¼	107	1.43
1½	May '42	99	99¼	1.70
2	June '42	100¾	101¼	1.55
3	Oct. '42	103	103¼	1.80
2½	June '43	101¼	101¾	2.00
5	Oct. '43	109¼	109¾	2.42
2	June '44	99	100	2.00
a2½	Jan. '44	93¾	94¼‡	3.60
4½	Oct. '44	108¼	109¼	2.46
2½	Nov. '44	100¾	101¼	2.19
a2½	Aug. '45	93	94‡	3.67
4	Oct. '45	104¼	105¼	b2.60
4½	Feb. '46	109¼	110	2.75
3½	June '49	100	100¾	b3.12
3½	Oct. '49	100¾	101¼	b3.18
3½	Nov. '51	99¼	99¾	3.27
a5	May '52	102¼	‡103¼	b3.63
4	Oct. '52	104	104¾	b3.32
3	June '55	95¾	96¼	3.28
4½	Nov. '56	106¾	107¼	b3.30
4½	Nov. '57	107	107¾	b3.39
3	June '58	95¼	96	3.28
4½	Nov. '58	107¾	108¼	b3.39
4½	Nov. '59	108¼	109¼	b3.40
a4	Oct. '60	96¼	97¼‡	4.18
a3½	Jan. '61	87	88‡	4.10
3½	June '66	97	97¾	3.37
a3e	Jan. '67	83¼	84¼‡	3.94
a3e	Nov. '68	83¼	84¼‡	3.92
a3†	Pepet'l.	88¼	89	3.37

Dominion Guaranteed Bonds

Can. Nat'l. Railways:

%	Due	Bid	Ask	Approx. Yld.
2	Feb. '43	99½	100¼	1.91
2½	Jan. '46	97½	98¼	2.55
3	May '44	102¼	103	2.30
3	Dec. '50	96¼	97¼	3.29
3	Feb. '53	95¼	96¼	3.35
3	Jan. '59	94	95	3.35
*4½	Sept. '51	111¼	112¼	3.23

%	Due	Bid	Ask	Approx. Yld.
*4½	Feb. '56	112¼	113¼	3.42
c4½	July '57	112¼	113¼	3.48
*4½	June '55	115	116	3.44
5	Feb. '54	114¼	115¼	3.59
*5	July '69	113¼	114¼	b2.69
*5	Oct. '69	116	117	b3.40
*5	Feb. '70	116	117	b3.45
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	89	91	3.95
3½	Aug. '49	92	94	4.00
3½	June '56	91	93	4.07
c4	Nov. '47	99¼	101¼	3.81
c4½	Apr. '61	104	106	4.07
c5	Jan. '60	108	110	4.28
Nova Scotia:				
3	Jan. '52	92½	94½	3.55
3½	June '56	94	96	3.57
3½	Nov. '50	97½	99	3.61
c4½	Sept. '52	106	108	b3.35
c4½	Nov. '60	107½	109½	3.84
c5	Mar. '60	113	116	3.86
Ontario:				
2½	May '45	98¼	100¼	2.40
3	Apr. '48	96¼	97¾	3.30
3	Nov. '50	95¾	96¼	3.35
3½	Nov. '51	98¼	99¾	3.30
*4	June '62	105¼	107½	3.52
4½	June '50	108¼	109¼	3.44
*4½	Jan. '62	110¼	112¼	3.67
5	Oct. '48	111¾	112¾	3.35
*5	Dec. '60	116	118	3.75
5½	July '46	112	113	3.30
Ont. Hydro Commission:				
3	Aug. '48	96¾	97¾	3.29
3½	Feb. '53	98¼	99¼	3.30
3½	Apr. '47	100¼	102	3.19
Prince Edward Island:				
3	Oct. '45	96	99	3.18
Quebec:				
3	Nov. '47	95	96¼	3.50
3	Nov. '51	94	96	3.40
3½	Mar. '48	96	97½	3.59

%	Due	Bid	Ask	Approx. Yld.
3½	June '52	95	96½	[illegible]
4	Mar. '52	100	103	[illegible]
4½	Aug. '58	101	103	[illegible]
4½	Jan. '63	104½	106½	[illegible]
Alberta:				
4	Dec. '54	61¾	65¾	d
4½	Oct. '51	66	70	d
c4½	Oct. '56	63½	67½	d
*5	Oct. '59	65	69	d
c5½	Apr. '52	66	70	d
6	Mar. '47	69	73	d
British Columbia:				
c4	Dec. '57	96	99	[illegible]
*4½	Jan. '51	100¼	103¼	[illegible]
c4½	Oct. '53	100¼	103¼	[illegible]
c5	Apr. '54	102¾	105¾	[illegible]
5½	Feb. '45	103¾	106¾	[illegible]
6	Feb. '47	104¾	107¾	[illegible]
Manitoba:				
c4	Dec. '57	84	88	[illegible]
c4½	Dec. '56	89½	93½	[illegible]
*5	Dec. '59	93	97	[illegible]
5½	Oct. '35	96¼	100¼	[illegible]
6	Apr. '47	98¾	102¾	[illegible]
Saskatchewan:				
4	Sept. '54	70	74	[illegible]
4	Nov. '60	69	73	[illegible]
c4½	Oct. '51	77½	81½	[illegible]
c4½	Mar. '60	74½	78½	[illegible]
5	Aug. '58	78½	82½	[illegible]
5½	Oct. '52	82	86	[illegible]
6	Mar. '52	85	89	[illegible]

*Payable Can., N.Y. & £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds.

Unlisted Stocks

(Furnished by A J Pattison Jr. & Co., Toronto)

Oct. 31, 1939

Industrials:	Bid	Ask.
Acme Farm., p.	15	..
Andian National	36	37½
Anglo C. Tel., A	8¼	8¾
Barrymore, pfd.	19	..
B. C. Pulp, c.	19	21
Do., pfd.	49	52
B. C. Sugar	93	97
Burns & Co., A	7¼	8
Do., B	4¼	4¾
Canada Tea, pf.	20	24
Can. Co-op. W'l.	6¼	..
Can. G'drich, c.	1¼	..
C. I. L., A c.	238	..
Can. Ing. Rand	136	139
Can. Tube, 1st p.	69	..
Chase, A. W., p.	25¼	26¼
Claude Neon, p.	5	6
Cons. Sales, B p.	..	78
Cope. Flour Unit	8	..
Dom. Wooll's., p	5¼	6¼
Dunlop Tire, p.	22	23¼
Easy Washing, p	8¼	9¼
Fed. Grain, pfd.	45¼	46¼
Do., com.	2¾	3¼
Goderich Elev.	8¼	9¼
Guard. Realty, p	13¼	17
Guelph Carp., p.	100	102¼
Do., com.	12¼	..
Hayes Steel, c.	20	21¼
Do., pfd. ($10)	10¼	11
Hi'land Dairy, p.	73	76
Do., com.	2¼	..
Kingston Sh., un	15	20
Loblaw Inc., c.	10¾	11¼
Morrison Br., un	7	..
M'row Screw, p.	98	..
Mt. Royal H., p.	2¾	3¼
Neilson, Wm., c.	8	..
Do., pfd.	104	..

	Bid	Ask.
N. B. Tel., c.	11¾	12¼
N. Meth. Ldy., p	64	69
Office Spec., p.	71	..
Ont. Tob., pfd.	20	23
Paterson Wm., p	103	..
Prov. Paper, pfd	105	..
Reliance Gr., pf.	52¼	55
Rob'tson, P. L. p	90	..
Rob. Cons. Cone	7¼	8¼
Ruddy, E. L., p.	27	30
Seal O Sac (Can)	4	5
Stand. Fuel, c.	1¼	..
Do., pref.	48	51
Stedman Br., pf.	55	..
Tor. Carpet, c.	18¼	22
Do., pfd.	53	55
Jn. F. Co-op.	2¾	2¾
Jn. Steel, A pf.	22	23
Viceroy, p. & rts	23	25
West. Grain, pf.	9¼	10¼
West. Steel, c.	9	10
Weston Hold.	..	6
Trusts & Loan Stocks:		
Brit. Mtge.	151	154
Com. Fin., c.	2¾	3¼
Guaranty Tr.	96	100
Guelph & C., $50	52¼	55
Lambton Loan	30	35
London & West.	37	42
Sherbrooke Tr.	120	..
Sterling Trust	52	60
Traders Fin. B c	10	11
Do., A pfd.	72¼	..
Trusts & Guar.	27	28
Waterloo Trust	99	..
Insurance Stocks:		
Brit. Amer.	54	..
Canada Life	450	475
Confed., 30% pd	144	152

	Bid	Ask.
Crown, fully pd.	260	..
Dominion Fire	134	..
D. of Can. Gen.	105	120
Empire, 25% pd.	..	6¼
Excelsior Life	55	59
Federal, 25% pd.	51	53
Great-West Life	212	220
Halifax Fire	20	22
Imperial Life	285	295
Manufac. Life	215	230
Monarch 10% pd	22¼	24
Sov., 25% pd.	14	..
Sun Life	355	385
Tor. General	5¼	6
Wellington Fire	58	62
Western Assce.	47¼	50
Theatre Stocks:		
Allens, Kings, p	58	65
Do., London, p	..	54
Do. St. Cath. p	..	55
Do., Tor., p, c.	..	34
Mansf. Theat., p	27	31
Para., Kitch., p.	50	54
Do., Oshawa, c	9¼	12
Investment Trust Shares:		
Can. Investors	6	6¼
Deb. & Sec., pf.	70	..
Inv. Found. Unit	55¼	57¼
Sec's. Hold., pf.	18¼	..
United Corp., A	23¼	25¼
Do., B	12¼	13¼
Power Issues:		
Can. W. N. Gas.	24	..
Do., pfd.	98¼	101
Int. Util., 1.75 p.	17¼	19
Do., 3.50 pfd.	34	38
Gt. Lakes Pr., p.	97	100
Mtl. Is. Pwr., p.	20	24
Nor. Ont. Pr., p.	93	97

Unlisted Mines

Toronto, Oct. 31, 1939

	Bid	Ask
Addington	.04	.04½
Albany R	.15	.17
Amorada	.09	.10
Anoki	.09½	.10½
Arjon	.01½	.02½
Argosy	.03¼	.04¼
Arno	.01	.02
Area	.06	.06½
Athona	.03¼	.03¾
Barber Lr	.02½	.03½
Beresford	.21	.22
Bounty	.20	.22
Big Mastr	.01½	.02½
Bilmac	.02	.04
Brown C	.90	1.00
Calder Bo	.02	.04
Capital R	.00¾	.01¼
Central M	.03¾	.04¼
Cheminis	.04¼	.04¾
Cochen'r	.80	.82
Coin Lake	.08½	.09½
Crescent	.03¾	.04¼
Crowshore	.05	.08
Dawson	.01	.02
Dayton	.02	.03
Delnite	.83	..
Desants n	.10	.14
Dona Pat	.12½	.14½

	Bid	Ask
Donwood	.05	.06
Dumico	..	.04½
Elmos	.07	.08
Faulken'm	.01	.02
Franco	.50	.55
Frontier	.01¾	.02½
Galore	.02	.03
Gate Pat	.00¾	.01¼
Golden G	.20	.22
Granada	.01	.02
Hallnor	7.50	8.00
Hiawa'a	.50	.55
Hislop	.01½	.02
Hoyle n	.20	.22
Hugh PaP	.03½	.04½
Hutch Lke	.03½	.04½
Jason	.32	.38
Keora	.02½	.03½
Kaw Crow	.01	.02
Kenricia	.13½	.15
Kewaga'a	.01½	.02
Kiena	.09½	.11
Kirk Gate	.01	.02
Lake Duf	.37½	.39
Lacoma	.01	.01½
Lake Gen	.12	.15
Lardego	.02½	.03
Lw Pete	.40	.45

	Bid	Ask
Magnet C.	.69	.71
Magnet L	.14	..
Martin Br	.03½	.04½
Margaret	.08	.12
Mata Cana	.05	.07
Mof Hal n	.02	.03
Mooshla	.04½	.05½
Mosher	.10½	.12
Mylamaqu	.01¾	.02½
Nat Mal	.24	.27
Negus	.80	.85
Ribago n	.02	.02½
Nickel O	.70	.80
Norbeau	.33	.37
Norlake	.01½	.02
North Am. Moly'm	1.27	1.32
Oklend	.17	.18
O'Leary	.01	.01½
Opemiska	.07	.08
Oriole	.01½	.02½
Orpit	.02½	.04½
Ossian	.01	.02
Pascalis	.23	.30
Payore	.01¾	.02½
Phoenix	.09	.11
Pontiac	.09	.11
Pelangio	.01½	.02

	Bid	Ask
Polaris	.43	.45
Private'r	.88	.92
Propri'y	1.60	1.70
Presdor	.03	.03½
Queb Man	.07	.08
Rand Mal	.07½	.08½
Red LGS	.01¾	[illegible]
Rahm	.32	[illegible]
Rhyolite	.02	[illegible]
Rose Gold	.05	[illegible]
Sachigo	5.25	[illegible]
Shenango	.04½	[illegible]
Sheldon	.02½	[illegible]
Siscoe Ex.	.01½	[illegible]
Skynner	.06	[illegible]
Smelter	.01½	[illegible]
Spooner	.03½	[illegible]
Sunbeam	.12	[illegible]
Springer	.10	[illegible]
Thomson	.20	[illegible]
Union Mn	.04½	[illegible]
Walker Pt	.01	[illegible]
Wells LL	.14	[illegible]
Westwood	.02	.03
Winoga cum rts	.04½	.05
Woco	.08	.10
Y David'n	.27	.29

Montreal, Oct. 31, 1939

	Bid	Ask
Abbeyv'e	.02½	.04
Brown B	.01	.02
Chibmac	.01	.02
Demp'y	..	.02
L Lag'n	.03	.05
L Rowan	.04	.05
Leroy	..	.01
Louvre	..	.01½
Obalski	.04½	.05½
Pan Can	.03½	.04½
Routh'r C	..	.03
Tiblem't I	.02	.03
Valdor M	.60	.70
Warren'c	..	.05

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

October 31, 1939

Public Utility Issues:	Int. Rate %	Due	Bid Oct. 31	Asked Oct. 31	Bid Oct. 24
†Assoc. Tel. & T.	5½	'55	82	86	79
Beauharnois P.	5	'73	99½	103½	99
B. C. Power	4½	'60	100	104	99
B. C. Tel.	4½	'61	103	107	103
†Calgary Pwr.	5	'60	101½	105½	101½
Do.	5	'64	100½	104½	100
†Can. Nor. Pwr.	5	'53	105	109	104
*Dom. Gas & El.	6½	'45	98	102	96
Gatineau Pwr.	5	'49	101½	105½	102
Do., A	3¾	'69	98½	102½	97½
Gt. Lakes Pwr.	4½	'56	99	103	97½
*Int. Hydro-E.	6	'44	86	90	85
▴Inter. Power	6	'55	96½	100½	96½
Macl'n-Que. Pr.	4	'59	96	100	95
Mtl. L. H. & P.	3½	'56	98½	102½	97
Do.	3½	'73	95½	99½	94
†Mtl. Tramways	5	'41	98	102	96
†Do.	5	'55	73	77	71
Nat. Lt. & Pwr.	6	'49	97	101	95
N. S. Lt. Pr.	4	'57	98½	102½	97½
Ottawa H. & P.	4	'57	99	103	98
Ottawa V. Pwr.	5	'59	101½	105½	101½
†Power Corp.	4½	'59	98	102	96
Quebec Pwr.	4	'62	100	104	99
*Saguenay P., A	4½	'66	101	105	100
Do., B	4½	'68	101	105	100
Shaw. W. & Pr.	4	'61	99½	103½	99
Union Gas	4½	'50	101	105	99½
United Secs.	5½	'52	69	73	67
†Wpg. El., ser. A	4	'65	74½	78½	73
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	62	66	63
Acadia Sugar	4½	'55	98	102	98
†Alta. Pa. Grain	6	'46	98	102	97½
Atlantic Sugar	4	'51	97½	101½	97½
†B. C. P. & Pap.	6	'50	78	82	78
*Brown Co.	5½	'46	52½	56½	53
Burns & Co.	5	'58	62½	66½	62½
Canada Bread	6	'41	105	109	105
Canada Cement	4½	'51	101	105	100½
Can. Paper	4½	'52	98½	102½	98
Can. Steamship	5	'57	97½	95½	91½
Can. Canners	4	'51	101	105	100
*Can. Int. Paper	6	'49	99	103	98
†Candn. Vickers	6	'47	76	80	76
C. P. R.	3½	'51	84	88	84
Do.	4	'49	89	93	89
Do.	4½	'44	93½	97½	93½
Do.	6	'42	101	105	...
†Consol. Paper	5½	'61	58½	62½	60
Dom. Coal	4½	'52	100	104	99
▴Dom. Stl. & C.	6½	'55	113½	117½	115
Dom. Tar	4½	'51	100	104	99½
†Donnacona P.	4½	'56	80	84	79½
Famous Players	4½	'51	99	103	98
†Federal Grain	6	'49	98	102	97½
†Fraser Cos.	6	'50	98	102	98
Gen. Stl. Wares	4½	'52	100	104	98½
*Great Lakes P.	5	'55	91	95	89½
†Gypsum, Lime	5½	'48	98½	102½	97½
Ham. By-Pr. C.	5	'55	100	104	99
Inter-City Bak.	5½	'48	100	104	...
*Inter. P., Nfld.	4½	'68	96	100	...
Lake St. J. P.	5½	'61	89	93	86½
†Maple Leaf M.	3	'58	74½	78½	74½
Massey-Harris	4½	'54	93	97	93
McColl-Fron.	4½	'49	100½	104½	99
McCormick's	4	'52	88½	92½	86½
*M. & O. Paper	6	'45	44	48	43
Nat. Grocers	4	'47	100	...	...
N. S. Stl. & Co.	3½	'63	87	91	87
Price Bros.	5	'57	96½	100½	95
*Prov. Paper	5½	'47	101	...	100
Reliance Grain	4½	'52	94	98	94
†Restigouche Co.	6	'48	98	102	97½
Rolland Paper	4½	'51	97½	...	97½
Simpsons Ltd.	4½	'51	99½	103½	98
Smith, Howard	4½	'51	101	105	99
†Steel of Can.	6	'40	109	113	110
*United Gas	5½	'48	102	106	99½
United Gr. Grs.	5	'48	97	101	96
†Western Grain	6	'49	48	52	47

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
▴Payable in Can. or U. K.
*Payable in U. S. only.

Municipal Bonds

Oct. 31, 1939

†Halifax	5	1961	110.00	112.00	4.16
Hamilton	5	1950	107.87	109.87	3.85
Montreal	5	1945	97.00	99.00	5.22
Ottawa	4½	1945	105.00	107.00	3.15
†Quebec	5	1959	104.00	106.00	4.35
Saint John	5	1950	105.00	107.00	4.20
†Toronto	4½	1955	109.25	111.25	3.55
†Vancouver	5	1950	95.00	99.00	5.12
Winnipeg	5	1944	99.00	102.00	4.48

†Payable Can. and N.Y.

Dividends Declared

	This payment	Date payable	Date of record
Assoc. Tel., pf.	49c	Nov. 15	Nov. 1
Assoc. Tel., 1st pf.	42c	Nov. 15	Nov. 1
Beattie Gold	5c	Dec. 7	Nov. 20
Blue Ribbon, pfd.	62½c	Nov. 1	Oct. 30
Bk. Can. Nationale	$2	Dec. 1	Nov. 15
Bk. of Montreal	$2	Dec. 1	Oct. 31
Beatty Bros., 1st pf.	$1.50	Nov. 1	Oct. 14
Bk. of Toronto	$2.50	Dec. 1	Nov. 15
Calgary & Edm.	10c	Nov. 15	Oct. 14
Can. W. & C., A	$1	Dec. 15	Nov. 30
Can. W. & C., p	$1.62½	Dec. 15	Nov. 30
Do., B	25c	Dec. 15	Nov. 30
Commonwealth Int'l.	4c	Nov. 15	Oct. 14
Cosmos Imp.	30c	Nov. 15	Oct. 31
Do., pref.	$1.25	Jan. 15	Dec. 30
Can. Iron, pf.	$2	Nov. 15	Oct. 31
Canadian Oil	12½c	Nov. 15	Nov. 1
Do., extra	12½c	Nov. 15	Nov. 1
Chase, A. W., pf	50c	Nov. 10	Oct. 31
Coniaurum Mines	6c	Dec. 1	Nov. 15
Corp. Inv., A, B	5c	Nov. 15	Oct. 30
Car. Ind. Alcohol, A, B	15c	Nov. 30	Nov. 20
Can. Malartic	3c	Dec. 15	Nov. 28
Crown Cork	40c	Nov. 15	Nov. 10
Dom. Bridge	30c	Nov. 15	Oct. 31
Dom. Ang. Inv., p.	$1.25	Dec. 1	Nov. 15
Dom. Oilcloth	30c	Oct. 31	....
Do., extra	20c	Oct. 31	....
Gen. Stl. Wares, p.	$1.75	Nov. 15	Nov. 1
Gould Pumps, p.	2%	Nov. 9	Oct. 30
Granby Cons.	25c	Dec. 1	Nov. 15
Gurd, C., pref.	$1.75	Nov. 15	Nov. 1
Guelph Carpet	$1	Nov. 1	Oct. 20
Do., pref.	$1.62½	Nov. 1	Oct. 20
Gunnar Gold	3c	Nov. 15	Oct. 31
Hallnor M.	18c	Dec. 1	Nov. 15
Howey Gold	2c	Dec. 1	Nov. 1
Hud. Bay Mining	$1	Dec. 11	Nov. 17
Italo-Arg. El.	▴3.50 pes.	Nov. 10	....
Lake of W. Mill, p	$1.75	Dec. 1	Nov. 15
Laura Secord	20c	Dec. 1	Nov. 15
Leitch Gold	2c	Nov. 15	Oct. 31
Loblaw Groc., A B	25c.	Dec. 1	Nov. 10
Do., extra	12½c	Dec. 1	Nov. 10
McIntyre Porc.	50c	Dec. 1	Nov. 1
Do., extra	$1	Jan. 2	Nov. 1
Nat. Biscuit	40c	Dec. 15	Nov. 14
Do., pref.	$1.75	Nov. 29	Nov. 14
Noranda	$1	Dec. 15	Nov. 20
New Eng. Pwr., pf	$1.50	Oct. 1	Sept. 23
Do., $2 pref	50c	Oct. 1	Sept. 23
Do., arrears	16⅔c	Oct. 1	Sept. 23
Neon Pr. W. Can., p.	$1.50	Nov. 1	Oct. 16
Ont. Steel, pfd.	$1.75	Nov. 15	Nov. 3
Penmans	75c	Nov. 15	Nov. 6
Privateer Mine	5c	Nov. 10	Oct. 25
Quebec Pwr.	25c	Nov. 15	Oct. 24
Rolland Pap.	22c	Nov. 15	Nov. 4
Do., pref.	$1.50	Dec. 1	Nov. 15
Royal Bank	$2	Dec. 1	Oct. 31
San Antonio G.	7c	Nov. 6	Oct. 20
South. Am. Gold	10c	Nov. 28	Nov. 14
South. Can. Pwr., c.	20c.	Nov. 15	Oct. 31
Shawinigan W.	22c	Nov. 15	Oct. 20
Stand. Steel, p	75c	Jan. 1	Dec. 15
Toburn Gold	2c	Nov. 22	Oct. 21
Do., extra	2c	Nov. 22	Oct. 21
Tor. Elevators, pf.	66c	Dec. 7	Nov. 23
Union Gas	20c	Dec. 15	Nov. 20
United Corp., A	37c	Nov. 15	Oct. 31
United Steel, A	75c	Nov. 1	Oct. 26
All-Can. Tr. Shs.	0.222	Nov. 1	Oct. 15
Belding-Cort.	$1	Jan. 2	Dec. 15
Do., pref.	$1.75	Jan. 2	Dec. 15
Brown Oil, pf.	$1.50	Nov. 10	Nov. 3
Celanese of Am.	50c	Dec. 1	Nov. 1[illegible]
Do., (addit.)	♦	Dec. 22	Nov. 1[illegible]
Do., part. pf.	$3.50	Dec. 31	Dec. 1[illegible]
Do., prior pfd.	$1.75	Jan. 1	Dec. 1[illegible]
Hart Battery	20c	Dec. 15	Nov. 3
Loblaw, Inc.	20c	Dec. 1	Nov. 1[illegible]

♦At rate of 1 sh. for each 40 shs. held.
▴Less 5 per cent Argentine tax.

Public Utility Earnings

B. C. Power Corp.

September	1939 $	1938 $
Gross earnings	1,313,659	1,235,[illegible]
Expenses	953,594	869,[illegible]
Int. pfd. divs., etc.	188,665	188,[illegible]
Bal. for A stock	171,400	158,[illegible]

Three Months Ended Sept. 30	1939 $	1938 $
Gross earnings	3,891,991	3,713,[illegible]
Expenses	2,850,440	2,701,[illegible]
Int. pref. divs., etc.	565,997	57[illegible]
Bal. for A stock	475,554	44[illegible]

Mining Dividends

		Close Oct. 30	Yield %
Beattie Gold	80c+10c	10.50	*11.4
Buffalo Ankerite	15c	1.50	10.0
[illegible]	[illegible]	[illegible]	[illegible]
Wright-Harg.	40c+30c	[illegible]	[illegible]

*Yield including bonus. †Initial.

DIVIDEND NOTICES

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, the thirteenth day of December, 1939, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.
ROBERT RAE, General Manager.

Toronto, 26th October, 1939.

LAKE OF THE WOODS MILLING CO. LIMITED

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of 1½% has been declared on the Preferred Shares of the Company, payable on December 1st, 1939, to holders of record at the close of business on November 15th, 1939.

By Order of the Board.
D. A. MacINNES, Secretary.

NORANDA MINES, LIMITED

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that an interim dividend of $1.00 per share, payable in Canadian funds, has been declared by the Directors of Noranda Mines, Limited, payable December 15th, 1939, to shareholders of record at the close of business November 20th, 1939.

By order of the Board.
J. R. BRADFIELD, Secretary.

Toronto, October 27th, 1939.

Canadian Malartic Gold Mines Limited

25 King Street West, Toronto.

DIVIDEND No. 7

NOTICE IS HEREBY GIVEN that a dividend of 3 cents per share has been declared by the Directors of Canadian Malartic Gold Mines Limited, payable in Canadian funds on December 15th, 1939, to shareholders of record November 18th, 1939.

H. WHITTINGHAM, Secretary-Treasurer.

October 27th, 1939.

The Guelph Carpet & Worsted Spinning Mills Limited

COMMON DIVIDEND No. 17

Notice is hereby given that a Dividend of One Dollar ($1.00) per share has been declared upon the outstanding Common Shares of No Nominal or Par Value of The Guelph Carpet & Worsted Spinning Mills Limited, payable November 1, 1939, to Shareholders of record at the close of business October 20, 1939.

By Order of the Board.
B. F. GRIGGS, Secretary-Treasurer.

Guelph, Ont., October 27, 1939.

The Guelph Carpet & Worsted Spinning Mills Limited

PREFERRED DIVIDEND No. 42

Notice is hereby given that a Dividend of One and Five-eighths per cent (1⅝%), being at the rate of Six and One-half per cent (6½%) per annum has been declared upon the outstanding 6½% Cumulative Convertible Preferred Shares of The Guelph Carpet & Worsted Spinning Mills Limited, for the Three Months ended October 31, 1939, payable November 1, 1939, to Shareholders of record at the close of business October 20, 1939.

By Order of the Board.
B. F. GRIGGS, Secretary-Treasurer.

Guelph, Ont., October 27, 1939.

CANADA WIRE & CABLE COMPANY

DIVIDEND NOTICES

PREFERRED DIVIDEND No. 42

TAKE NOTICE that the regular quarterly Dividend of $1.625 per share, has been declared on the outstanding Preferred Stock of the Company for the three months period ended November 30th, 1939, payable December 15th, 1939, to Shareholders of record at the close of business November 30th, 1939.

CLASS "A" DIVIDEND No. 17

ALSO TAKE NOTICE that a Dividend of $1.00 per share on the outstanding Class "A" Common Shares of the Company has been declared as Dividend No. 17, payable December 15th, 1939, to Shareholders of record at the close of business November 30th, 1939.

CLASS "B" DIVIDEND No. 7

ALSO TAKE NOTICE that an Interim Dividend of 25 cents per share on the outstanding Class "B" Common Shares of the Company has been declared as Dividend No. 7, payable December 15th, 1939, to Shareholders of record at the close of business November 30th, 1939.

By Order of the Board.
A. L. SIMMONS, Secretary.

Toronto, October 28th, 1939.

West. Canada Plants at Work

Loss Turned Into $50,775 Profit in Past Year

Substantial improvement is shown by the financial statements of Western Canada Flour Mills Co. and its subsidiaries for the year ended July 31. A net loss of $315,305 in the previous year was converted into a net profit of $50,775.

Since the outbreak of war the company's mills have been operating at capacity, chiefly to fill domestic orders, R. H. B. Ker, vice-president, states in the annual report. Outlook for future export business is obscure, Mr. Ker states, but it is generally believed that Canadian milling capacity will be utilized to a greater extent than in recent years to meet wartime demand.

The more favorable results reported in the year past were brought about by generally better conditions for the milling industry, the vice-president declares. Sales volume in the domestic markets, where competition was keen, was fully maintained. Volume in the export market showed a substantial increase over the previous year.

Ask More Security

The salt division of the company showed improvement in results as anticipated by the company in its last annual report.

Improved results were shown by Purity Baking Co., Mr. Ker reports, but after payment of interest on bank loans, there were insufficient earnings to provide adequate reserves for depreciation. A transfer of $115,000 from surplus to investments reserve was mostly applicable to investment in Purity Baking Co.

Since inception of the latter company to end of the past year, Western Canada Flour Mills has made advances of more than $1 million, which advances have been written off or fully reserved on the books of Western Canada Flour, according to Mr. Ker. There are more than $1.7 million of bank loans of Purity Baking guaranteed by the parent company. The company's bankers have requested that further security be provided for the direct and contingent liabilities of the company.

Shareholders to Meet

Security contemplated is a general security on the company's undertaking, including shares of subsidiary companies, Mr. Ker states. Preference and common shares were originally issued on the understanding that such security cannot be given unless authorized by the preference shareholders. To that end the directors have called a meeting for Nov. 20 of preference shareholders to approve granting of this security to the banks.

Financial statements of the company are reviewed under company reports.

Commodity Prices

Under liberal supplies and absence of any heavy speculative buying, prices of most commodities during the week have gone lower. In the agricultural group offerings of cattle were large and while packers were buying fairly freely, prices except for the better grades were a little easier. Hogs were also marketed in good volume and again packers were able to obtain requirements at slightly lower quotations. Absence of any material export demand resulted in lower wheat prices.

Demand for commodities of the industrial group was curtailed as a natural result of the heavy buying in the early weeks of the war and the belief that the Government would not countenance unjustified price advances.

	Latest week	Previous week	Same week last yr.
Cattle	$7.60	$7.75	$6.00
Hogs	9.25	9.35	8.25
Copper, lb.	.13	.13	.11¼
Cotton, lb.	.0931	.0926	.0893
Rubber, lb.	.2000	.2050	.1680
Sugar, raw, lb.	.0310	.0330	.0310
Silk, lb.	3.46½	3.86½	1.88½
Wheat, Man. (bu.)	.69¼	.70⅛	.58
Coffee, lb.	.06	.06	.05½
Hides	.15	.15	.13½
Weekly Indices			
Canada (D.B.S.)	78.6	78.0	74.3
Moody (Wood, Gundy)	65.5	65.7	57.8
U. S. Labor	79.4	79.3	77.7
Dow Jones (future)	55.33	55.57	48.66
Fishers	83.7	83.9	80.4
Monthly Indices			
Canada (D.B.S.):			
Retail (Sept.)	82.9	83.0	84.1
W'sale (Sept.)	78.2	72.4	74.5
U. S. (Aug.)	75.0	75.1	78.1
Gt. Brit. (July)	98.1	98.1	100.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper — electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal f. New York. Wheat — No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

DIVIDEND NOTICES

Beattie Gold Mines (Quebec) Limited

(No Personal Liability)
25 King Street West, Toronto
DIVIDEND NOTICE
DIVIDEND No. 5

NOTICE IS HEREBY GIVEN that a dividend of 5 cents per share has been declared by the Directors of Beattie Gold Mines (Quebec) Limited, payable in Canadian funds on December 7th, 1939, to shareholders of record on November 20th, 1939.

By order of the Board.
H. WHITTINGHAM, Secretary-Treasurer.

October 28th, 1939.

Coniaurum Mines Limited

25 King Street West, Toronto.
DIVIDEND No. 9

NOTICE IS HEREBY GIVEN that a dividend of 6 cents per share has been declared by the Directors of Coniaurum Mines Limited, payable in Canadian funds, on December 1st, 1939, to shareholders of record November 15th, 1939.

By Order of the Board,
H. WHITTINGHAM, Secretary-Treasurer.

Toronto, October 28th, 1939.

HALLNOR MINES LIMITED

(No Personal Liability)
DIVIDEND NOTICE

Notice is hereby given that an interim dividend of 10c per share, payable in Canadian funds, has been declared by the Directors of Hallnor Mines, Limited (No Personal Liability), payable December 1st, 1939, to shareholders of record at the close of business November 15th, 1939.

By order of the Board.
J. R. BRADFIELD, Secretary.

Toronto, Ont.
October 27th, 1939.

Ottawa Ready to Play Ball With U.S.

(Continued from page 1)

ped within a relatively short time, such as completion of moderate size generating projects on the Trent and Madawaska rivers in eastern Ontario.

Dr. Hogg did not mention in his addresses the possible development of power projects on the Ottawa River or expansion of generating capacity of one or more of the Quebec companies, both of which have been reported from Montreal as potential sources of extra power for Ontario Hydro.

In Two Systems

In two speeches recently Dr. Hogg dealt with the presently increasing load, prospectively greater demand, and means of increasing supply capacity, in both the Niagara and eastern Ontario systems. These two regions embrace most of southern Ontario, and the chief industrial and urban concentrations of the province.

Speaking generally, Dr. Hogg doubted that the war would produce a power shortage such as afflicted Ontario in the last war. He also discussed the possibility that, when the present war ended, loads of all of the Commission's systems would not only cease to grow but would decrease instead for a time.

Early Decision Vital

But he emphasized the point that the increase already recorded in power demand, currently running about 12 to 14% higher in both the Niagara and eastern Ontario systems, has occurred with only a limited volume of industrial activity traceable to war production. This trend, coupled with expected war-acceleration of industry and the long-term outlook for ordinary industrial expansion in Ontario, he stressed as forcing immediate decision to cope with power needs developing during the next two to five years.

In regard to the Niagara System, Dr. Hogg estimated that if the present upward trend of power demand continued into December, and further increases averaging 10% annually continued during the next two years, Hydro would be using all scheduled power available from Quebec by Dec., 1941. It might be necessary to take blocks of power not slated for delivery until 1944.

Deficiency Next Year?

(The Financial Post is unofficially advised that present indications point to a primary power peak load for all Ontario Hydro systems of from 1,275,000 h.p. to 1,300,000 h.p. by December. An additional increase averaging 10% through 1940 would bring peak load to between 1,618,000 and 1,675,000 h.p., including a minimum reserve margin of 75,000 h.p. Generating capacity plus scheduled purchased deliveries in 1940 total 1,625,000 h.p.)

Noting that higher demand had developed without special war loads and that continuance of the war should increase Niagara system load at the rate of 150,000 h.p. a year, Dr. Hogg in his address said that even rationing of power would not carry Hydro much beyond the fall of 1942. Provision must be made, he urged, for coping with demand in that year and beyond. Even if cessation of the war or hard times cut power demand in two or three years, there would subsequently be a need for broader power supplies, he believed.

Diversion Temporary

Dealing with problems of the eastern Ontario system in another address Dr. Hogg predicted that this system's load in the coming winter would fully use capacity of generating stations and purchased power. Further demand in 1940 would require diversion through the Chats Falls frequency changer unit, but there was no assurance that the Niagara System would have any surplus for such diversion beyond the fall of 1941.

Dr. Hogg pointed to the increasing industrialization of eastern Ontario and location in the region of such developments as the new Aluminum Co. plant near Kingston and the national research laboratory project at Ottawa—both big power users. Additional power sources were essential, he argued, to take care of such projects; of wartime emergency production; and of natural growth of industrial, domestic and rural demand.

The Commission, he revealed, had authorized outlay of more than $1 million for additional transmission lines and equipment between Kingston and Trenton and from Chats Falls to Ottawa. It was probable, he said, that development of the High Falls and other sites on the Madawaska River would be proceeded with at an early date.

He did not suggest how the Niagara System future needs were to be met. But there is no doubt that the St. Lawrence scheme would go farther than any other, from both a short term and long term viewpoint, to meet the growing needs of the big Niagara division. How its cost and feasibility compare with alternative plans remains to be seen.

November Dividends Show Decrease From Last Year

Canadian companies are not going to pay as much in dividends in November this year as they did a year ago, according to estimates prepared by The Financial Post. The actual estimated decrease this month is $3.4 millions, leaving the eleven-month total this year at $228.4 millions, a decrease of just under 1½%.

The drop in payments scheduled for November this year is largely due to six companies. Last November Bulolo Gold Dredging paid $1.5 millions but has no payment yet declared for this year. Placer Development is another company that has not yet declared any dividend to take the place of the $438,000 paid last November. Other concerns that have still to declare dividends corresponding to last year's payments are Buffalo Ankerite with $175,419, Pamour Porcupine with $600,000, Canada & Dominion Sugar with $375,000 and Laura Secord with $287,500. With the exception of the Laura Secord payment, which was a special disbursement, there is reason to hope that similar dividends will still be declared this year.

May Reach 1938 Total

If this is done 1939 total dividend payments by Canadian companies can still equal or exceed last year's high level.

Only concern to reduce its rate this time is Canada Iron Foundries, which is paying $2 a share instead of $2.50 on its preferred.

Monthly Dividends

	1939 $	1938 $
January	20,670,579	23,078,522
February	7,002,808	5,018,310
March	26,233,492	23,731,375
April	20,895,644	22,535,469
May	6,892,927	5,711,004
June	64,924,477	69,178,056
July	23,543,271	27,403,971
August	6,516,263	5,926,268
September	24,298,569	19,844,761
October	21,019,377	19,505,640
November	6,435,429	9,886,794
	227,432,836	231,820,170

Summary of November Payments

	1939 $	1938 $
Dividends	6,435,429	9,886,794
Bond interest	35,962,000	35,324,000
Total	42,397,429	45,210,794

Dividend Payments

Company	Rate	Date	Amount $
Anglio-Can. Tel., p.	.68¾q	1	56,787
Assoc. Tele., pfd.	.40	15	16,153
Do., $6 pref.	.42	15	19,821
Ault & Wiborg, p.	1.37½q	1	6,780
B.C. Tele., 2nd p.	1.50q	1	67,500
Beatty Bros., 1st p.	1.50q	1	15,000
Blue Ribbon, p.	.62½q	1	18,656
Brown Oil, pf.	1.50	10	6,300
Calgary & Edm.	.10	15	241,510
Calgary Power, p.	1.50q	1	90,000
Canada Iron, pf.	2	15	77,556
Can. Bk. of Com.	2q	1	600,000
Can. Bronze	.37½q	1	30,000
Do., pref.	1.25q	1	9,375
Can. Ind. Alcoh., A, B	‡.15	30	166,787
Can. For. Invest., c.	.70	1	51,391
Can. Inv. Fd., sp. ord.	.04q	1	86,224
Can. Investors	.10q	1	10,000
Canadian Oil, c.	.12½	15	17,970
Do., extra	.12½	15	17,970
Chase, A. W., pf.	.50q	10	4,713
Coast Brew.	.03q	1	54,094
Commonwealth Int'l.	.04q	15	6,636
Corporate Inv., A, B	.05q	15	9,848
Crown Cork	.40q	15	40,000
Cosmos Imp., c.	.30q	15	30,000
Davies Pete.	.01	1	16,000
Dist. Seagram, pf.	1.25q	1	206,125
Dominion Bank	2.50q	1	175,000
Dominion Bridge	.30q	15	154,185
Dominion Tar, pfd.	1.37½q	1	69,231
Gen. Steel W., pfd.	1.75	15	78,750
Gould Pumps, p.	2	9	14,950
Gunnar Gold	.03	15	81,123
Gurd, Chas., p.	1.75q	15	4,200
Guelph Carpet	1a	1	35,000
Do., pref.	1.62½q	1	8,125
Hollinger Cons.	.05	4	246,000
Do., extra	.05	4	246,000
Humberstone Shoe	.25q	1	5,000
Imperial Bank	2.50q	1	175,000
Inter. Metal, pfd.	1.50q	1	46,231
Do., (A) pref.	1.50q	1	21,577
Inter. Nickel, pfd.	1.75q	1	483,486
Inter. Utilities, pfd.	.87½q	1	86,606
Do., $1.75 pref.	.56¼	1	37,492
Kirkland Lake	.04q	1	213,067
Do., extra	.01	2	53,266
Lake of W. M., p.	†3.50	1	52,500
Leitch Gold	.02	15	57,000
Mtge. Corp., N.S.	1.50q	1	10,200
Neon Pr. W. Can., p.	1.50s	1	5,400
Ontario Steel, p.	1.75q	5	6,304
Orange Crush, pf.	.35s	1	10,500
Paterson, Wm., p.	1.75q	1	672
Penmans	.75q	15	48,388
Do., pref	1.50q	1	16,125
Privateer Mine	.05q	10	122,704
Quebec Power	.25q	15	138,299
Rolland Pap., c.	.22	15	13,200
St. Law. Flour	.25q	1	9,000
Do., pref.	1.75q	1	10,062
San Antonio G.	.07s	6	164,360
Saguenay Power, p.	1.37½q	1	68,750
Shawinigan W.	.22q	15	479,215
Sherbrooke Trust	1.50q	1	4,500
Simpsons, pref.	1.25q	1	140,625
Simpson, Robt., p.	3s	1	100,500
South Am. Gold	.10	28	176,000
Steel of Can.	.43¾q	1	201,250
Do., pref.	.43¾q	1	113,685
South Can. Pwr., c.	.20q	15	80,000
Toburn Gold	.02q	22	37,000
Do., extra	.02	22	37,000
United Corp., A	.37q	15	19,974
United Steel, A	0.75s	1	16,602
Westminster Pap.	.25s	1	11,947
Weston, Geo., pf.	1.25q	1	21,875
Wood, A. J., p.	1.75	1	11,375
Young Davidson	*.02	4	31,682
Zellers, pref.	.37½q	1	11,250
			6,435,429

q—Quarterly. s—Semi-annually. a—Annually. *Initial. †On arrears. ‡Interim.

Bond Interest Due in November

	1939 $
Municipal	4,311,000
Provincial	7,369,000
Dominion	24,282,000
Total	35,962,000

Week in Wheat

Limited Grain Trading May be Widened Soon

Price Movements and Volume Restricted But Should Expand at Any Sign of Large Shipments to British Isles

From Our Own Correspondent

WINNIPEG.—Wheat prices on the Winnipeg market continue to fluctuate within narrow limits close to the 70-cent basis for November wheat. Trading interest is comparatively small, although there are several factors in the making which may bring a wider measure of investment buying in the near future.

Most important would be evidence of Canadian wheat moving in large quantities to Great Britain. That is considered to be almost inevitable in the near future, and not only on account of discussions with the authorities in Great Britain which are presumably under way with the Hon. T. A. Crerar in London. He is accompanied by George McIvor, chairman of the Canadian Wheat Board.

* * *

More Shipping Space

Considerable quantities of Argentine wheat have reached the United Kingdom since the outbreak of war. The greater part of this was shipped either prior to the beginning of hostilities, or very shortly after, presumably in ships actually in South American ports or on their way there, before war began. Since then it is understood shipping space from Argentine ports has become scarce. On the other hand, space available for Canadian wheat is expected to increase steadily, when shipments of munitions and general supplies from this continent commence in volume. Reports suggest that a considerable number of ships will be detailed to transport lumber from North America especially from the west coast. All such will likely carry wheat as well.

Instructions issued by the British authorities to allow feeding of a considerable quantity of home grown wheat to livestock in order to lessen dependence on foreign corn seem likely to result in increased imports of bread grain.

* * *

U. S. Crop to Be Small

Probability that the United States will produce a very small winter wheat crop is, so far, a comparatively minor market influence in Canada but it may become more important. United States wheat prices at present are far above export levels, and practically no wheat or flour would be exported except for government subsidies. These are still being continued, although to a somewhat limited extent. Once it becomes definitely established that the U. S. wheat crop next year will be small, such subsidies may be cut off, increasing the dependence of neutral countries on wheat from Canada. Apparently subsidized exports to Great Britain are not being attempted, even now, as the British Government desires to see appropriated for wheat purchases, U. S. dollars which could be employed to better advantage, in purchase of other products for British use.

* * *

Argentina Sets Price

For the immediate present, practically no investment buying is going on. So far as the market can judge, the British buying agency is prepared to pay approximately the 70 cents basis for present purchases, but the Canadian Wheat Board, while willing to sell some wheat at that price, will not release stocks below it. Argentine wheat is still nominally making the price basis on which cash transactions take place Offered in home markets, at approximately 20 cents a bushel under Canadian wheat, it can, in limited quantities, undersell this country's wheat in Great Britain and in continental markets by a differential which just about represents the difference in milling value.

Wheat Hold-up Hits Carriers

C. S. L. and Other Operators Affected by Lack of Exports

From Our Own Correspondent

MONTREAL.—Grain elevators on the lower St. Lawrence are bulging with grain. Head of the lakes terminal elevators cannot take any more wheat and farmers on the prairies are storing their product.

This means that practically no grain boats are moving on the Great Lakes. There is no place to take the wheat. Canada Steamship Lines has a score of vessels tied up in Montreal. Other lines report similar conditions.

Recently the British buying agency made an arrangement to take some wheat. For the first half of November present plans call for the movement of around 12 million bushels overseas provided that shipping is available.

Developments in the past few weeks have been distinctly disappointing to the shipping trade.

It is true that during the first few weeks of the present crop year Canada Steamship Lines and other carriers handled a heavy flow of grain from the head of the lakes down to the seaboard. But this movement only lasted until the elevators were filled.

Affects Earnings

This situation has a definite bearing on earning power of the steamship companies. Instead of reporting substantial increase in earnings this year, Canada Steamship Lines and other operators are not likely to show any appreciable improvement over last year's returns.

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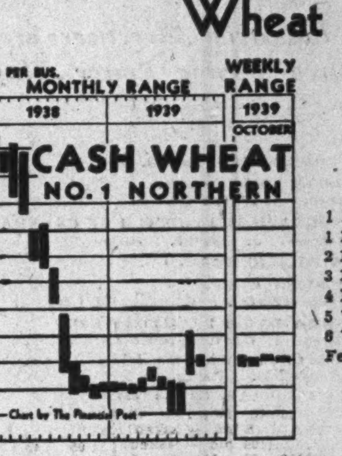
Wheat Prices



	For Week Oct. 31 High	For Week Oct. 31 Low	Prev. Week High	Prev. Week Low
1 Hard	.70¼	.69⅛	.71⅝	.70
1 Northern	.70¼	.69⅛	.71⅝	.70
2 Northern	.68¾	.67¼	.69⅛	.67¾
3 Northern	.67	.66¼	.67⅞	.66½
4 Northern	.65¼	.64⅛	.66⅛	.65
5 Wheat	.60¾	.60⅛	.61⅞	.60½
6 Wheat	.56⅝	.55⅛	.57⅝	.56
Feed Wheat	.55¼	.54⅛	.56⅝	.55

Winnipeg Grain Futures
Week to Oct. 31, 1939

Crop year from Aug. 1, 1939 High	Low		Open Oct. 25	High for week	Low for week	Close Oct. 31	Close year ago
		Wheat					
.84	.50¼	Oct.	.70	.70⅜	.68½	.69¼	.60
.85⅝	.51⅝	Nov.	.70½	.70½	.68¾	.69⅛	.59½
.85	.51⅛	Dec.	.71⅛	.71½	.69⅞	.70¼	.59
.88	.54⅛	May	.76⅛	.76⅝	.74¾	.75⅛	.63⅝
		Oats					
.45⅝	.26⅝	Oct.	.32⅛	.33¼	.31¾	.32¼	.27½
.40	.30¼	Nov.	.32¼	.32¾	.31¾	.32⅜	......
.41	.26⅛	Dec.	.31¼	.32⅛	.31⅛	.31½	.26⅝
.45¾	.27½	May	.31⅞	.32¼	.31⅛	.31⅝	.28
		Barley					
.50⅜	.33½	Oct.	......	.44¾	.42½	.44¾	.35⅛
.50	.32⅝	Oct. (new)	.42⅞	.46½	.42⅞	.46	......
.53	.42¼	Nov.	......	.44¼	.42½	.44⅛	......
.49⅝	.32⅝	Dec.	.42¼	.43½	.42	.42¾	.34⅝
.51⅜	.33⅜	May	.44	.44½	.43⅜	.43⅞	.36¾
		Flax					
1.86	1.26¼	Oct.	1.61½	1.61½	1.58½	1.60½	1.32
1.75½	1.55	Nov.	......	1.60	1.58½	1.60	......
1.76	1.23¾	Dec.	1.59¾	1.61	1.56⅜	1.60	1.28½
1.81	1.49	May	1.55	1.59	1.49	1.58½	1.30⅛
		Rye					
.62⅞	.36½	Oct.	.59¼	.61¾	.58¾	.59⅝	.40⅛
.62½	.52	Nov.	.59	.60⅝	.58¾	.59½	......
.61	.37½	Dec.	.56	.58⅜	.56	.57⅝	.39
.65	.40	May	.57¾	.59	.57½	.57¼	.41⅝

Company Reports

M. & O. Paper

Minnesota & Ontario Paper Co., according to the interim report of the trustees, was able to show a net operating profit of $608,245 for the first nine months of 1939 as compared with a loss of $14,964 in the corresponding period of last year. In the detailed plan of reorganization submitted on October 16 to the Minneapolis courts by the trustees it was stated that net income, before bond interest but after other charges, was $400,035, thus indicating that September operations resulted in net earnings of about $208,000.

Consol. Income and Surplus Account
(Excluding foreign subsidiaries and National Pole & Treating)
9 Months Ended September 30

	1939 $	1938 $
Net sales	10,711,694	8,831,128
Less: Cost of sales	8,883,304	7,767,806
Gross profit	1,828,389	1,063,322
Less: Expenses	1,220,144	1,078,286
Net oper. profit	608,245	*14,964
Add: Other income	88,946	65,631
Less: Other deductions	91,751	67,943
Net avail. for int.	605,440	*17,276
Less: Int. accr. but not paid	2,114,818	1,975,978
Extraord. inc. & deduct.	90,617	69,703
Net loss for period	1,599,995	2,062,957

*Loss.

Working Capital

	Sept. 30 1939 $	Dec. 31 1938 $
Current assets	8,066,155	7,053,973
Current liabilities	1,006,202	1,140,907
Working capital	7,059,953	5,913,066

G. Tamblyn Ltd.

Profits of G. Tamblyn Ltd. in the nine months ended Sept. 30 increased 1.25% over those of the same period in 1938, according to official report. Sales were up 0.92% during this period. In the quarter year ended Sept. 30, profits increased 0.32%, while sales decreased 4.19%. Comparative figures for the three periods follow:

Sales and Profits

Quarter ended:	1939 $	1938 $	Incr. %
Mar. 31:			
Sales	897,464	848,909	5.72
Profit	23,179	21,047	10.13
June 30:			
Sales	852,424	842,028	1.23
Profit	20,422	21,858	*6.57
Sept. 30:			
Sales	810,949	846,448	*4.19
Profit	17,378	17,322	0.32
Nine Months Ended Sept. 30:			
Sales	2,560,837	2,537,385	0.92
Profit	60,978	60,227	1.25

*Decrease.

Distillers-Seagram

Distillers Corp.-Seagrams Ltd. consolidated net profits for the year ended July 31, 1939, totalled $6,566,313. This compares with $7,313,504 in the preceding year. Net sales during the past year were $84,787,807, an increase of $3,209,888 over the 1938 period.

The balance sheet shows a further improvement in financial position. Net working capital at $40.5 millions increased nearly $2.8 millions. Notes payable to banks were reduced from $3.9 millions to $2.5 millions, while advances under the bank credit agreement remain unchanged at $5 millions.

On the asset side of the balance sheet cash shows a slight improvement at about $2 millions, while inventories increased from $41 millions to over $41.6 millions.

Annual meeting is being held in Montreal on Nov. 15, 1939.

Comparative figures on the consolidated profit and loss account follow:

Consol. Profit and Loss Account
Years Ended July 31
(Expressed in Canadian currency)

	1939 $	1938 $
Sales	84,787,807	81,577,919
Less: Cost of goods sold	58,144,839	57,098,840
Gross revenue	26,642,968	24,479,078
Add: Miscel. inc. etc.	149,609	126,202
Total revenue	26,792,577	24,605,280
Less: General exps.	16,397,507	13,514,739
Directors' fees	[illegible]	1,000
Exec. salaries	381,907	388,081
Legal fees	290,317	289,070
Interest (net)	393,879	437,079
Depreciation*	154,167	130,622
Loss on sale of assets	304,567	447,730
Prov. for loss on invest.	72,023	160,000
Inc. & profits taxes	2,331,898	1,923,485
Net profit	6,566,313	7,313,504
Less appropriations:		
Preferred divd.	832,125	777,891
Common divd.	3,483,290	2,613,967
Preferred redemp.	21,435	......
Surplus for year	1,805,983	3,921,646
Add: Previous surplus	26,561,390	22,639,744
Earned surplus fwd.	28,367,383	26,561,390
*Depreciation provided over year amounted to	1,100,179	942,834
Of which there was charged to production	947,013	812,212
And to expenses	153,166	130,622
Earned per Share:		
Preferred: Earned	$38.52	$44.32
Paid	5.00	5.00
Common: Earned	3.28	3.75
Paid	2.00	2.00
Shares Outstanding:		
Preferred, $100 par	164,900	165,000
Common, n.p.v.	1,742,645	1,742,645

Working capital

	1939 $	1938 $
Current assets	52,671,724	51,252,286
Current liabilities	7,076,995	9,260,347
Working capital	44,594,729	41,991,939

Western Canada Flour

Western Canada Flour Mills Co. and its two wholly-owned subsidiaries, Brackman-Ker Milling Co. and Purity Mills Ltd., were able to turn a large loss in the previous year into a moderate net profit in the year ended July 31, 1939. Net profit was equivalent to $2.10 a share on the 6½% preference stock, of $100 par value. This compares with deficit earnings of $13.07 in the preceding year.

There were no dividends paid on the preference stock in either year, and at Sept. 1, 1939, arrears totalled $37.12½ on the stock. After deducting full dividend requirements on the preference in the 1939 fiscal year, a loss was shown on the common stock, as was the case in the previous year.

Working capital increased to $353,669 at July 31, from $247,507 at the end of the previous year.

Operating results of the company are reviewed elsewhere.

Balance Sheet Items
At July 31

	1939 $	1938 $
Inventories	1,470,338	1,692,265
Invest. in affil. cos.	768,472	794,954
Bank loans (sec.)	1,364,000	1,663,000
Contingent liabs.:		
Paper under disct.	315,877	568,219
Purity Baking guar.	1,725,188	1,729,800

Cons. Income and Surplus Account
Years Ended July 31

	1939 $	1938 $
Operating profit	315,082	*158,362
Less: Depreciation	131,647	123,558
Doubtful accts.	27,333	33,385
Bank loan int.	105,327	......
Net profit & surp. for year	50,775	*315,305
Add: Prev. surplus	146,398	367,223
Trans. fr. gen. res.	......	250,495
Less: Spec. invest. res.	115,000	100,000
Res. fr. cash prems. in invent. valn.	......	55,000
Prior inc. tax	......	1,015
Surplus forward	82,173	146,398

*Loss or deficit.

Earnings per Share:	1939	1938
Pref.: Earned	$2.10	d$13.07
Paid	nil	nil
Common: Earned	d0.79	d3.50
Paid	nil	nil

Working Capital

	1939 $	1938 $
Current assets	2,340,137	2,563,313
Current liabilities	1,986,468	2,315,806
Working capital	353,669	247,507

Twin City Rapid

Twin City Rapid Transit Co. reports improvement in earnings during the first nine months of the current year, compared with the corresponding period last year. Operating revenue was greater by more than $46,000 during the period and net income of $23,166 compares with a loss of $144,471.

Income Account
Nine Months Ended Sept. 30

	1939 $	1938 $
Oper. revenue	6,267,650	6,221,593
Less: Oper. exps.	4,808,729	4,814,846
Net oper. rev.	1,458,921	1,406,747
Less Taxes	706,998	808,059
Oper. income	751,923	598,688
Add: Other income	11,563	14,461
Gross income	763,486	613,149
Less: Bond int.	677,603	697,151
Amort. of int.	47,325	48,725
Misc. debits	12,392	11,744
Net income	26,166	*144,471
Time Fixed chgs. Earned	1.04	0.81

*Loss.

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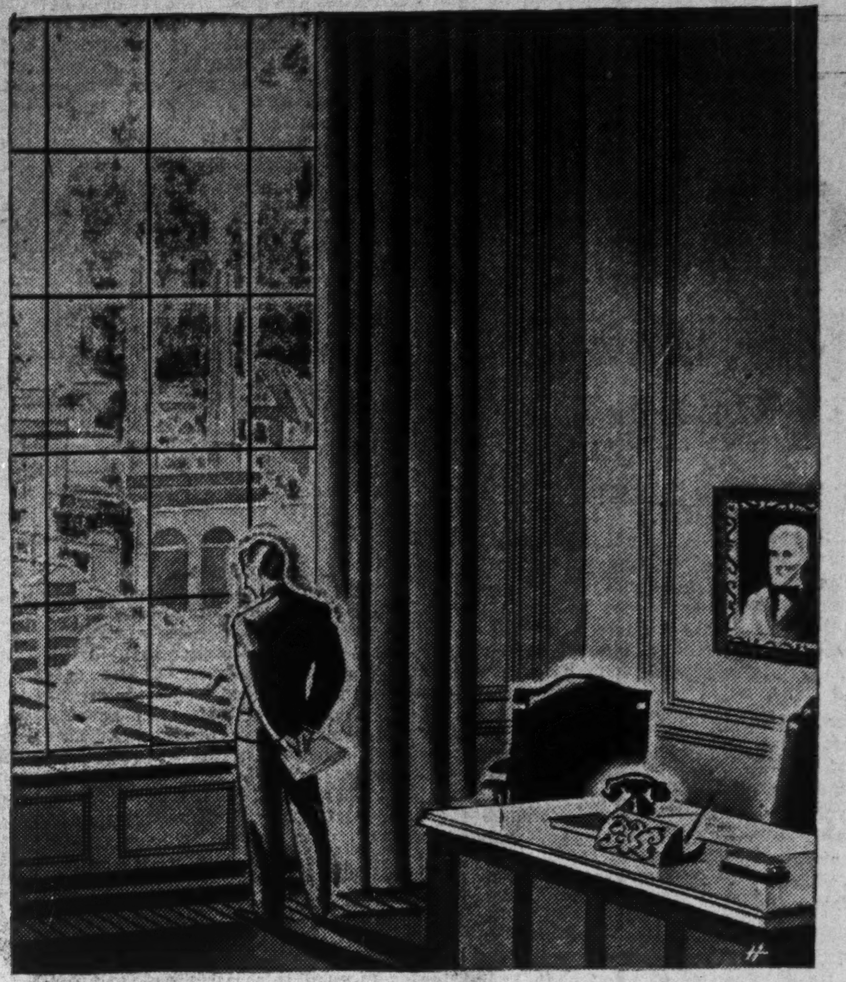

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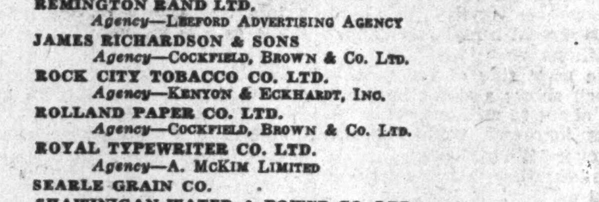

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Canada's Communications Face Major Tasks

Industry Stands Ready to Cope With Wartime Demands—Plays Vital Role in Economic And Social Life of Dominion

Canadian communication facilities, in proportion to population, are among the most extensive in the world. They are operated under considerable climatic and geographical disadvantages. Nevertheless for efficiency of service they are comparable to those of any other country, a condition which is reflected in the very wide use of the available services.

The almost instantaneous communication facilities at the command of Canadians, whether in the field of the telephone, wireless, telegraph or cable, are taken for granted. Few have any comprehensive idea of the highly efficient plants established or the skilled personnel that has been created to operate the services.

War Measures

Under wartime conditions there develops a greater consciousness of the fortunate position in which this country finds itself in respect to communications. The fact that at the very outset of the war the Government put in force certain regulations restricting the use of equipment brought home to Canadians a realization of the vital services rendered to the nation by the various communication systems.

The radio telephone service between Canada and Newfoundland has been prohibited for private purposes for the time being. It is no longer possible to send code messages by cable. The transoceanic radio telephone services have also been put on the banned list, though one can still call transatlantic neutral countries or across the Pacific to Australia, etc.

Undoubtedly certain of these restrictions will be lifted later on as the country adjusts itself to wartime conditions. Meanwhile the suspension of these services, even though only temporarily, is felt throughout the social and economic life of the country.

Wide Use of Facilities

Because of the completeness and extensiveness of the services available, the country as a whole does not appreciate how widely the services are used, or the investment or facilities which give to Canadians the reputation of being the most "communicative" in the world.

Last year there were nearly 13 million telegraph messages handled in Canada. This figure does not include 1,400,000 cable messages. In addition, there were 31 million long distance and 2.6 billion local telephone calls handled.

Over 3,200 systems are engaged in handling this traffic.

In the telephone field alone there are 3,191 systems, but of this number about seven account for the bulk of the traffic.

There are not so many operators in other fields of communication. All of the telegraph business is handled by seven companies, with Canadian National and Canadian Pacific responsible for nearly all of the business. Canadian Marconi is alone in the wireless field, while three companies handle all the cable business.

Thus, while there appear to be a great number of operators in the field, actually well over 90% of the total traffic is handled by about 18 companies.

Big Plant Account

The investment in these and smaller companies runs into many millions; $335 millions at the end of last year. This is in the form of thousands of miles of telegraph and telephone wires; cable lines; terminal stations; branch offices, equipment, etc. The telegraph companies, for instance, use over 373,000 miles of wire and the telephone companies over 5,300,000 miles.

The telegraph and cable companies maintain about 4,900 offices in the Dominion. The number of telephone offices is not so great, but as each individual telephone is interconnected with the others, it is possible for the individual to telephone from nearly 1,300,000 stations in service in this country.

The maintenance and operation of this elaborate and complicated communications system provide employment for over 20,000 people. They are all highly trained workers—switchboard operators, telegraphers, wireless operators, linemen, installation men, sound and many other types of engineers.

Behind the actual personnel in the communications services are many more thousands of workers engaged in producing the equipment necessary for the maintenance and extension of services—cables, switchboards of all kinds, wire, telephones, telegraph and wireless instruments, etc.

Prepared to Serve

It has always been the proud boast of the communications systems that they provide service in advance of actual public need. In other words, they do not wait until there is an actual demand for their services, but anticipate the growth in any given area. To that end they installed equipment beyond what is actually needed, so that seldom is there any lag between actual demand and the services available.

At this time communication services

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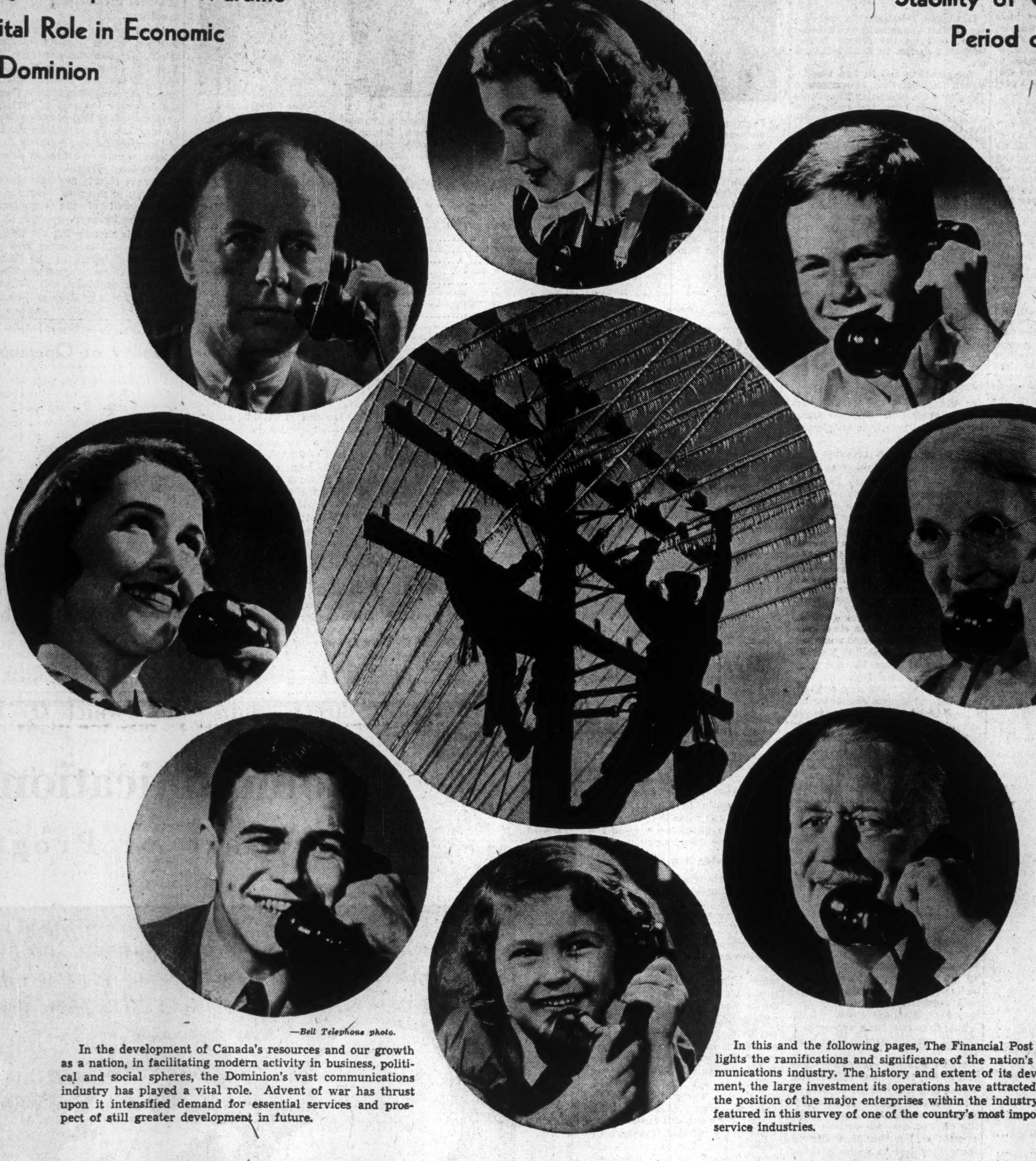

—Bell Telephone photo.

In the development of Canada's resources and our growth as a nation, in facilitating modern activity in business, political and social spheres, the Dominion's vast communications industry has played a vital role. Advent of war has thrust upon it intensified demand for essential services and prospect of still greater development in future.

In this and the following pages, The Financial Post spotlights the ramifications and significance of the nation's communications industry. The history and extent of its development, the large investment its operations have attracted, and the position of the major enterprises within the industry, are featured in this survey of one of the country's most important service industries.

Stability of Operations Holds Over a Long Period of Years—Big Investment Interest In Major Systems of Canada

Investors have a large stake in Canada's communications industry. Investment in the telephone and telegraph fields alone exceeds $382 millions.

Public investment in the industry is largely confined to telephone securities. The principal telegraph services are operated by departments of the Canadian National and Canadian Pacific Railways and by the Dominion Government.

A far as radio broadcasting and radio telephone services are concerned, there is little public investment interest. The principal radio stations are owned by the Dominion Government through the Canadian Broadcasting Corp. and a large number of others are privately owned.

From the above it is evident that a survey of the communications industry from an investment standpoint is necessarily confined to telephone securities. Few classes of securities enjoy a higher investment rating.

One would not describe the development of the telephone industry in Canada as spectacular. Rather, the history of the industry has been one of almost steady growth and expansion. This growth has been acccompanied by a stability which is difficult to duplicate outside the public utility field.

Have Excellent Record

The principal investment requirements of a large circle of investors are security of principal and steady income. Few classes of industrial and public utility securities meet these requirements to the same extent as do bonds and shares of telephone companies. The latter is, of course, a general statement which does not necessarily apply to each individual security. Bonds and shares of every company must be judged on their own merits.

The major companies in the Canadian telephone field have an excellent record. Over a long period they have a demonstrated earning power and regular dividends have been paid on their capital stocks for many years past. Through good times and bad the companies have been able to show good profits, an important factor to the investor.

Of course, the telephone business does not remain untouched by slumps in general business activity. When general business slackens earnings of telephone companies decline. However, experience shows that they are affected to a less extent than the great majority of industrial companies. Most Canadian telephone concerns do not know what it is to have a deficit.

During the recent depression earnings of the telephone companies declined and common dividends had to be reduced somewhat. But the reduction in common dividends was small when compared with most industries.

In the past few years the telephone industry has responded to the recovery in general business activity. Telephones in service have increased. Long distance toll traffic has improved. Earnings have risen.

Principal System in Canada

There are seven principal telephone systems in Canada and three of these are government owned. However, more than 72% of the telephones in Canada are owned and operated by the four largest privately owned systems.

The four major operating companies in Canada from the investor's standpoint are: The Bell Telephone Co. of Canada, British Columbia Telephone Co., Maritime Telegraph & Telephone Co. and New Brunswick Telephone Co.

In selecting securities of these companies for investment, one has several alternatives. Bell Telephone has bonds and common shares outstanding. British Columbia Telephone has bonds, and preference, preferred and common shares. Maritime Telegraph & Telephone Co. has bonds, and preferred and common stock. New Brunswick Telephone has only common stock.

Bonds of these companies are regarded as a prime investment medium. Fixed charges have always been earned by a wide margin. Because of their high investment rating, the yield on telephone bonds is not large.

British Columbia Telephone and Maritime Telegraph have always earned and paid their preferred dividends. Bell Telephone has paid common dividends every year since 1881. British Columbia Telephone since 1916, Maritime Telegraph and Telephone since 1912 and New Brunswick Telephone since 1910.

Return is Limited

Investors in securities of these companies are largely interested in steady income and security of principal. Opportunities for capital appreciation are not large. In fact, return on share capital is limited by government regulations.

At present one of the first questions asked by an investor in regard to any security is the possible effect of the war.

Indications are Canadian telephone companies will not be adversely affected. In fact, their business is likely to improve. Any spurt in business activity and employment finds response in greater use

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Science Speeds Industry's Advance

Ever since men have had something to tell to their fellows at a distance, they have tried to find ways to speed up the progress of the message. For thousands of years they made little real headway.

In this country, the Indians did very well; for they invented smoke signals, covering fires on hilltops with blankets to make the smoke go up in puffs—a crude form of telegraphy. Indeed, in this respect, they did rather better than the people in Europe. Even by Queen Elizabeth's day, they had developed no quicker methods of sending messages than by beacon fires, messengers, bugles, cannons and bells.

When electricity was discovered, people began to wonder if they could not harness it to carry their messages; for electricity travels with the speed of light, i.e., fast enough to go around the world in a fraction of a second.

So the telegraph was invented.

Then, a young man living with his parents in Brantford, Ontario, had one of those bright ideas which sometimes turn out to be brighter still.

He was in his early twenties and had to earn his living. His father had invented a system of visible speech which enabled the deaf to "talk" to one another. Alexander Graham Bell (that was the young man's name) took a position in the school for the deaf, at Boston, to teach the system. He came home to Brantford to spend his summer holidays. There, in 1874, while experimenting with the human ear, he noticed how its delicate membrane vibrated under the impact of sound waves.

As Bell knew, humans hear by vibrations in the air which strike on the ear drum. These are translated as sound somewhat in the same way as the telegraph operator translates the vibrations of his instrument.

The task which young Bell had set for himself was to convey these vibrations by electricity over wires, and make them set another "diaphragm" vibrating in such a way that it would start a new set of vibrations in the air just like those which had been set up by the voice speaking into the receiver.

There follows a long period of experimental work. Eventually success crowned Bell's efforts and in February, 1876, he filed an application covering his invention of the telephone and a patent was granted at Washington in March of that year.

When the first instrument had been made and when it had been improved to carry the first sentence, the great adventure had hardly started. There were all sorts of difficulties to be met and mastered. It was an adventure, one of the greatest of the century. A young man had a device in which the world did not believe and did not know it wanted.

Prejudice had to be broken down.

Capital had to be interested.

Troubles had to be overcome with the instrument—the wiring—the exchange.

In August of the same year the patent was granted, Dr. Bell came back to Canada and made his first experimental talk over a long line. That was between Brantford and Paris, Ontario—a distance of eight miles. It was only a one-way talk, the answer being telegraphed back from Paris to Brantford, but it served to demonstrate the basic soundness of his invention.

It was during the winter of that same year that Hugh C. Baker, of Hamilton, had a telephone installed in his house and in the houses of several of his friends. they thought it would be amusing to be able to play chess without having to leave their own firesides.

This was the first time that three telephones were connected on one line—the first party line.

From this line grew the first "central" in the British Empire—the Hamilton exchange, opened in 1878.

At first it was difficult to understand what was being said over the telephone; local calls were somewhat of an achievement, while calls to a distant city were considered out of the question.

However in 1878 an inventor named Blake made a new kind of transmitter which made it so much easier to hear that the telephone quickly became more popular.

Improvement followed improvement. Blake's solid disc of carbon was replaced by carbon in granules. These alternately were packed tightly together and then more loosely as the diaphragm bent un-

(Continued on page 14)

—C. N. R. photo.

All ages use the services of Canada's communications.

Pacific Coast Units

Expanding Trend of Installations Continues Through Current Year

Business activity in British Columbia in the current year to date has continued at a high level. This is reflected in operations of British Columbia Telephone Co. which operates the principal telephone system in the province as well as with other smaller systems.

Telephones in service on the B.C. Telephone system increased by 11,924 or 1.5% in the first eight months of the current year. No announcement has been made as to the trend of long distance toll traffic in B.C.

B. C. Telephone Co.

British Columbia Telephone Co., the second largest privately-owned telephone utility in Canada, has a long record of good earnings. Dividends on its preference and common shares have been paid regularly since the company was incorporated in 1916.

Stability of earnings has been one of the features of the company's operations. Even when profits declined during the depression years, the company was able to show good earnings on its capital stock. The low point of earnings was 1933 when net profit was equivalent to only $5.90 a share on the ordinary shares. Since then, earnings have appreciated. Net profit in 1938 was equivalent to $8.59 a share on the common stock.

Capital of the company consists of $11 millions of 4½% first mortgage bonds; 10,000 shares of 6% cumulative preference shares; 45,000 shares of 6% cumulative preferred shares; and 45,000 ordinary shares. The preference, preferred and ordinary shares are all par value $100 each.

Has Excellent Dividend Record

Bond interest after depreciation has always been earned by a wide margin. In only five years since it was incorporated has the company paid less than 8% on its ordinary shares, these being the years 1932 to 1936 inclusive. In no year has it paid less than 7%.

A favorable development completed early this year is the refunding of the company's 5% Series "A" first mortgage bonds. This operation results not only in a saving in interest charges but eliminates exchange costs. The new 4½% first mortgage bonds are payable in Canadian funds only, whereas the 5% bonds were payable in sterling, Canadian dollars or U. S. funds at the option of the holder.

Fixed assets were carried in the balance sheet at the end of 1938 at $27.2 millions against which there was a depreciation reserve of $8.2 millions. Working capital amounted to over $2.1 millions.

Large capital expenditures have been made by the company in recent years, and additional outlays are contemplated. Installation of automatic telephones and equipment in Vancouver has been started and will be carried out gradually over a period of years.

Telephones In Service Gain

The number of telephones in service is the highest in the history of the company, amounting to 123,375 at Dec. 31 last. Telephones in service have shown consistent gains over the past five years. Long distance revenue was down about 2.6% in 1938 but a better showing is expected in 1939.

Public interest in the company is confined to the bonds, preference and preferred shares. Except for a few qualifying shares for directors the common stock is owned by Anglo-Canadian Telephone Co., which in turn is a subsidiary of Associated Telephone and Telegraph Co.

British Columbia Telephone Co. had its origin in a number of small companies organized before the turn of the century. In 1916 the present company was incorporated with a Dominion charter as the Western Canada Telephone Co. The name was changed to the present title in 1923 when the company acquired the assets and business of another firm of the same name.

History of the company has been one of almost steady expansion. It serves a territory including Vancouver and Victoria which has a population of approximately 600,000. It has a perpetual franchise to operate in British Columbia.

Directors—Gordon Farrell, pres., Vancouver; F. S. Spring, vice-pres., Kansas City, Mo.; Hugh Mackay, Montreal; P. W. Evans, L. G. McPhillips, Vancouver; Hon. G. H. Barnard, Victoria, B.C.; J. G. Crane, Kansas City, Mo.; Martin Lindsay, G. L. Grawols, Chicago.
Vice-pres. & gen. mgr. — James Hamilton. Sec.—R. J. Munro. Treas.—H. M. Boyce. Comptroller—J. E. Carlile.

Okanagan Telephone

Okanagan Telephone Co., subsidiary of West Canadian Hydro Electric Corp., operates the second largest telephone system in British Columbia.

The company and its two wholly-owned subsidiaries, Summerland Telephone Co. and Solar Telephones Ltd., provide telephone services to various cities and communities in the Okanagan Valley and adjacent territory.

During the current year the company improved its position by refunding its 5½% first mortgage bonds and 6% debentures, these being replaced by $435,000 of 4¼% first mortgage bonds and $225,000 of 4½% debentures. As a result of this operation fixed charges of the company have been reduced.

Public interest in the company is confined to the first mortgage bonds and the sinking fund debentures. Interest charges are earned by a good margin after depreciation. Earnings available for fixed charges in the six months ended Dec. 31, 1938, after providing for depreciation, amounted to $55,830. Comparable earnings for the year ended June 30, 1938, were $71,268.

Balance sheet of the company shows total assets of $1.3 million. Investment in land, plant, building and equipment amounts to $1.1 million.

Directors—Lt.-Col. E. B. Westby, pres.; B. H. Gunning, vice-pres.; D. Grierson, J. E. Elliott, Ross Peers, all of Vancouver, B.C.
Man. dir. — D. Grierson, Sec. — W. T. Haynes.

—Bell Telephone photo.

Progress of telephone systems in clearing city streets of pole-strung wires and carrying cables through underground conduits, is being extended to cross-country routing of interurban cables. Above a cable-laying crew is pictured at work, with a backfilling tractor refilling the trench as the cable is laid.

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Telephone Securities

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1938	1937
Telephone Securities: (Controlled by Anglo-Canadian Telephone)					
Collateral Tr. Notes	5½	1941	†879,000	2.28	2.02
†Of which $550,000 since acquired by Anglo-Canadian Telephone.					
Philippine Long Distance Telephone:					
1st Mtge. S. F., A	6	1953	950,000	....	....
Avalon Telephone:					
1st Mtge. S. F.	4½	1958	800,000	2.41	2.50
Associated Telephone and Telegraph:					
Gold Debs., A	5½	1955	12,021,000	1.63	2.14
Phillips Electrical Works: (Subsidiary of Associated Telephone and Telegraph Co.)					
1st Mtge. S. F., A	5	1953	1,275,000	....	....
Bell Telephone:					
1st Mtge., A	5	1955	30,000,000	2.91	2.81
Do., B	5	1957	30,000,000		
Do., C	5	1960	7,500,000		
1st Mtge.	3¼	1964	†25,000,000	....	....
Pension Fund Notes*	.	....	8,254,746	....	....
*Sold to Pension Fund Trustees. †Issued in connection with refunding of series A bonds, callable Mar. 1, 1940.					
British Columbia Telephone: (Controlled by Anglo-Canadian Telephone)					
1st Mtge., Series B	4½	1961	11,000,000	2.73	2.77
Okanagan Telephone: (Controlled by West Canadian Hydro-Electric)					
1st Mtge., S. F.	5½	1956	482,000	....	....
1st Mtge. Coll. Tr. Ser.	4¼	1940-59	*435,000	....	....
S. F. Debs.	4½	1960	225,000	....	....
The 6% debs. were redeemed Sept. 1, 1939. *To be used for redemption of 1st mtge. 5½% bonds due 1956.					
Maritime Telegraph & Telephone:					
Ref. & Gen. Mtge., B	*6-4½	1966	1,500,000	3.30	3.40
Series C	4	1967	2,000,000		
*Interest rate *% to July 1, 1941, 4½% thereafter.					
Atlantic Utilities: (Wholly owned subsidiary of Maritime Telegraph & Telephone)					
1st Mtge. & Coll. Tr., B	4	1957	500,000	Not available	
1st Mtge. (Closed) (The Isl. Tel. Co.)	6	1943	100,000		
Northern Telephone:					
1st Mtge. Serial	4	1939-57	157,500	20.7	9.2
Quebec Telephone and Power:					
1st Mtge. & Coll. Tr., A	5	1955	381,000	1.53	1.47

Stocks:

	Outstand. $	Earned per Share 1938 $	1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Anglo-Canadian Telephone:								
Pref. 5½% cum., par $50	82,600 sh.	7.95	7.90	2.75	50	47	48	5.7
Class A, par $10	487,100 sh.	0.72	0.72	0.60	..	...	...	...
Deferred, par $10	200,000 sh.	0.12	0.12	nil	..	...	...	...
Telephone Securities:								
Com., par $10	†1,600,000	Not avail.		...	...	...	...	...
†All owned by Anglo-Canadian Telephone Co. and certain of its wholly owned subsidiaries.								
Philippine Long Distance Telephone:								
Com., 100 pes. par	70,571 sh.	5.37	4.26	5.00	...	...	...	...
Telephone Securities with Anglo-Canadian Telephone Co., owns approx. 35% interest in the capital stock.								
Avalon Telephone:								
Pref. non-cum. part., par $25	16,000 sh.	2.85	3.19	1.75	...	...	...	...
Com., par $25	9,454 sh.	1.86	2.44	1.75	...	...	...	...
Associated Telephone and Telegraph:								
1st Pref. cum., par $100	3,296,700	3.19	7.07	‡1.96	...	...	...	...
$6 1st Pref. cum. red., n.p.v.	47,194 sh.	3.19	7.07	‡1.68	43½	29	29	5.9
$4 Pref. cum., n.p.v.*	23,886 sh.	d10.79	2.22	nil	...	...	...	...
Cl. A cum. part., n.p.v.	101,431 sh.	d3.48	d0.42	nil	...	...	...	...
Com., par $1	1,038,308	d0.73	d0.43	nil	...	...	...	...
*Formerly class D. ‡In 1939.								
Phillips Electrical Works: (Subsidiary of Associated Telephone and Telegraph Co.)								
Com., par $100	3,600,000	...	...	...	...	...	...	...
80% of stock held by Associated Telephone and Telegraph Co.								
Bell Telephone:								
Com., par $100	80,657,900	8.06	7.73	8.00	178	140	165	4.8
Of which 23.7% is held by American Telephone & Telegraph Co. (N.Y.).								
Eastern Townships Telephone: (Controlled by Bell Telephone Co.)								
Com., n.p.v.	10,554 sh.	1.20	1.05	0.72	...	...	...	...
Majority held by Bell Telephone Co.								
Farmers' Telephone Co.: (Controlled by Bell Telephone Co.)								
Com., par $25	3,976 sh.	0.87	1.96	1.25	...	...	...	...
British Columbia Telephone: (Controlled by Anglo-Canadian Telephone)								
Preference cum., par $100	1,000,000	71.65	71.68	6.00	...	...	...	...
Preferred cum., par $100	4,500,000	14.59	14.60	6.00	...	...	...	...
Ordinary, par $100	4,500,000	8.59	8.60	8.00	...	...	...	...
Canadian Marconi: (Controlled by Canmar Investment Co. which is controlled by Cable & Wireless)								
Com., par $1	4,554,682	0.06	0.05	nil	1.85	.75	1.70	...
Canada Wire and Cable:								
Pref. cum. red., par $100	2,874,100	16.10	27.51	6.50	107½	96½	102	6.4
Class A, conv., n.p.v.	29,669 sh.	9.30	20.45	4.00	67	55	62	6.4
Class B, n.p.v.	150,662 sh.	1.04	3.24	0.50	25	14	21½	2.3
Okanagan Telephone: (Controlled by West Canadian Hydro-Electric)								
Com., par $100	417,400	...	...	...	...	...	...	...
*All owned by West Canadian Hydro-Electric.								
Maritime Telegraph & Telephone:								
Pref. 7% cum., par $10	1,500,000	2.52	2.61	0.70	17	16⅝	16⅝	4.2
Com., par $10	3,752,680	0.73	0.78	*0.70	16	15¾	16	4.5
*An extra dividend of .02½ paid Jan. 15, 1939.								
Atlantic Utilities: (Wholly owned subsidiary of Maritime Telegraph & Telephone)								
Com., n.p.v.	270,000 sh.	Not avail.		...	...	...	...	...
Entire stock held by parent company.								
New Brunswick Telephone:								
Com., par $10	5,784,840	0.51	0.59	0.50	...	...	...	...
Northern Telephone:								
Com., par $1	434,747	24.2c	14.9c	8.0c	...	...	...	...
Quebec Telephone and Power:								
Class A, n.p.v.	36,286 sh.	†0.22	†0.16	nil	5	3¾	4¾	...
Class B, n.p.v.	35,196 sh.	d1.84	d1.90	nil	...	...	...	...
†Before income tax.								

Science Speeds Industry's Advance

(Continued from page 13)

der the pressure of voice waves beating against it. The new transmitter helped greatly in telephoning over long distances.

Floating Coils Invented

One of the big difficulties to be coped with in the early days was that the electric currents set up by the voice "wearied" on the old-fashioned line. When they had gone a little way they petered out and died away. It was found that thicker wires worked better, but there was still much loss of current even when the wires were almost as thick as a lead pencil.

At first iron wires were used. These were soon replaced by copper wires. By the early nineties transmission had improved so much that it was quite practicable to talk over a distance of some 700 miles—say from Quebec to Windsor.

Then, in 1908, "floating coils" were invented. These look something like a large doughnut and are made by wrapping wires round and round the soft iron coils or rings. And when these are connected at intervals through the telephone line, the current carries much farther. It made it possible to talk almost twice as far as before—in fact, from Montreal to Winnipeg.

Many thousands of these floating coils are used today on telephone lines. Their size has been greatly reduced, and their efficiency increased, by the discovery in the Bell laboratory of a new material called "dermalloy."

Repeaters Lengthen Circuit

Perhaps the greatest step forward in long distance telephoning was made through the invention of the vacuum tube repeater which steps up the "tired" current and sends it on its way with renewed vigor. Many such repeaters are necessary on a very long telephone circuit.

The first telephone repeaters in Canada were installed in Kingston in 1916.

That was a big year for the telephone; for, in October of that year, a trial talk was carried on between Montreal and Vancouver, 2,500 miles as the crow flies. As a matter of fact, the electric currents had to travel a great deal farther than that because they had to go by a roundabout route through Buffalo, Chicago, Omaha, Salt Lake City and Portland, a distance of 4,227 miles.

In that same year, too, the third year of the war, telephone scientists demonstrated that it was practicable to talk over great distances without wires. But people were too busy then with the war to think about much else and it was not until 11 years later, 1927, the telephone service was established between this continent and England.

Big Step Forward

A problem which worried telephone pioneers was that of telephone wires on city streets. At one time streets in the larger urban centres were cluttered with telephone lines. Such is not the case today. Nearly 70% are underground. But it took a tremendous lot of work and ingenuity in the laboratories and experimental workshops before the wires could be put there.

Telephone cable had to be invented, and that proved to be one of the major steps in the progress of telephone service. The telephone conductor wires were wrapped in insulating material so as to keep each wire from contact with its fellows, and then enclosed in a lead sheath. At first the wires were wrapped in rubber or gutta percha. It was found that a better way was to wrap them in cotton, and better still, paper. Thus wrapped, they are bound together and sealed against moisture in lead casing so that they look like great lead pipes. Then they are drawn into conduits underground.

The tiny wires that these cables contain are almost hair-like in their fineness and yet, perfectly insulated in paper wrapping, they serve as efficient conductors of the voice currents. Some types of telephone cables, only slightly over 2½ in. thick, contain 1,818 pairs of tiny wires, enough wires to serve a large part of the downtown area in any of the larger Canadian cities.

Develop New Circuits

But telephone scientists were not content with this. They wanted to make each pair of long distance wires serve more than one "talking channel."

Telephone engineers tackled the problem and the "phantom circuit" was one of the successful experiments. This phantom circuit makes it possible for two pairs of wires to do the work of three pairs.

Then telephone engineers worked out an even more effective method of making the wires carry still more voice currents. They developed "carrier circuits." Roughly speaking, these act like radio sending stations, except that instead of going broadcast through the air, the carrier voice currents are sent along the wires at various frequencies or wave lengths. Due to the difference in the frequencies with which several conversations are carried over a single pair of wires at the same time, there is no interference.

The modern exchange is nothing like the first exchange set up in Hamilton just over 60 years ago. In that exchange there were only seven lines serving 50 subscribers. The modern exchange, either manual or dial, is highly efficient and represents tremendous progress compared with the early Hamilton exchange.

Industry Highly Organized

In the early years of the telephone, the telegraph companies tried to sell the telephone to the public; for it was thought that the greatest use of the service would be to enable people to telephone their messages to the telegraph office without having to go there themselves.

The biggest business step forward was taken in April, 1880, when the Bell Telephone Co. of Canada was started. It was organized by the late Charles F. Sise. By that time a number of independent telephone companies had started—sometimes two in one city—and the telegraph companies were still in the telephone business. Mr. Sise persuaded some Montreal men to subscribe part of the funds necessary to bring all these telephone interests, except those in British Columbia, into one organization. Thus for some years the Bell Telephone Company of Canada controlled nearly all the telephones east of the Rockies.

During the years 1908 and 1909 the company sold out its western interests to the Provincial Governments of Manitoba, Saskatchewan and Alberta.

Over 3,000 Systems

Today, there are over 3,000 telephone systems in Canada; many of them are neighborhood organizations with only a few subscribers. But about 90% of the telephone business in the Dominion is in the hands of seven systems: Maritime Telegraph and Telephone Co. in Nova Scotia; New Brunswick Telephone Co. in that province; Bell Telephone Co. of Canada in Quebec and Ontario; the three government systems of the Prairie Provinces; and the B. C. Telephone Co. west of the Rockies.

All these companies work together to enable their subscribers to talk to one another and with the subscribers of the smaller companies.

Today Canadian telephone subscribers can talk with any one of over 36 million telephones—that is, with 93% of all the telephone instruments in the world.

Industry Stands Ready

(Continued from page 13)

are called upon to play a very important part in the country's war effort. Naturally it is essential that there be no breakdown in the ordinary services. At the same time an extra strain is put upon the operators by conditions arising directly out of the war effort. The latter condition applies to all forms of communication. But in each and every branch the industry is well prepared to meet the task which confronts it.

In peacetime the principal problem facing the operators is in anticipating the normal growth of demand. This has been possible by building upon the experience of the past, but the problem facing the industry now is not only to meet growing domestic requirements but, at the same time, take care of the abnormal traffic arising out of war conditions.

Allied with the wartime traffic problem is the question of maintaining services and particularly in keeping equipment at the high standard that has been maintained under abnormal conditions. During the last war the cost of materials skyrocketed, skilled personnel found its way into the armed forces, and, at times, operating conditions placed a heavy strain on all forms of communication services. Nevertheless they were able to maintain services at a high pitch of efficiency, which speaks well of the organization within the industry.

There is no question but that the operators will face many new and difficult problems in the present conflict. There is equal confidence that such problems will be overcome just as they were in 1914-1918.

Stability of Operations

(Continued from page 13)

of the telephone, and a sharp rise in business activity is expected.

There has already been some improvement. In recent months, and especially since the outbreak of war, there has been a sharp increase in long distance toll traffic. Continuance of the upward trend in telephone installations is also looked for.

In addition to the major companies mentioned above there are a number of small concerns such as Northern Telephone Co. and Okanagan Telephone Co. Both of these companies have good records, but public investment interest is not large.

There are also a number of telephone holding companies in which Canadians have a substantial public interest. Among these are Associated Telephone & Telegraph Co. and its affiliate Anglo-Canadian Telephone Co.

Direct investment interest in the telegraph field is confined to common shares of Montreal Telegraph Co., which shares are very closely held. This company has lines in Ontario, Quebec, the Maritime Provinces and in sections of United States which it leases to Great North Western Telegraph Co., which is controlled by the Dominion Government and has operated since 1931 as part of Canadian National Telegraphs. The annual rental is sufficient to enable the company to pay 8% on its common stock.

Over 3,000 'Phone Systems

Nearly Two-Thirds Are Co-operative; Prairies Far in the Lead

Canada has nearly 3,200 telephone systems according to the last survey. The dominant position occupied by the seven major systems across the country overshadows the fact that there are such a large number of organizations. The great majority, of course, serve less than 100 subscribers each but as nearly all of these systems, big and small, are interlocking, their importance is not to be minimized.

According to the Bureau of Statistics there are more co-operative systems in Canada than any other type. The stock companies rank next in number and, of course, are by far the most important in respect to capital invested, number of subscribers, etc.

Following is a break-down of the various types of systems in operation in this country:

	No. of Systems
Government	19
Municipal	[illegible]
Stock	[illegible]
Co-operative	[illegible]
Private	[illegible]
Partnership	[illegible]
Total	[illegible]

Meet Local Needs

The concentration of telephone communication in relatively few hands is most marked in British Columbia and Manitoba. Quebec and the Maritime Provinces report relatively few operators, but Alberta and Saskatchewan, due to the development of co-operative systems, account for nearly two thirds of all the reporting systems in Canada.

Distribution of Systems

	Total
Prince Edward Island	[illegible]
Nova Scotia	[illegible]
New Brunswick	[illegible]
Quebec	[illegible]
Ontario	[illegible]
Manitoba	[illegible]
Saskatchewan	[illegible]
Alberta	[illegible]
British Columbia	14
Yukon	[illegible]
Canada	[illegible]

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and
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Communication
The Measure of Progress

FOR many years we have been associated with the progressive development of the Communications Industry, having underwritten and placed with investors securities of the following companies:

Anglo-Canadian Telephone Company
Associated Telephone & Telegraph Company
Atlantic Utilities, Limited
British Columbia Telephone Company
Maritime Telegraph & Telephone Company, Limited
Philippine Long Distance Telephone Company
Phillips Electrical Works, Limited
Quebec Telephone & Power Corporation
The Avalon Telephone Company Limited

W. C. Pitfield & Company Limited
235 St. James Street, MONTREAL
80 King Street West, TORONTO
OTTAWA SAINT JOHN HALIFAX VANCOUVER
LONDON, ENG. NEW YORK

Bell Dominant in Central Canada

Operates Major Systems In Ontario-Quebec Area

The telephone industry in Ontario and Quebec is dominated by the Bell Telephone Co. of Canada.

All the large centres in the two provinces, except Port Arthur, Fort William and certain mining towns, are served by this company. Rural areas are served largely by small independent concerns and municipal owned systems.

Telephone business in Ontario and Quebec this year has been well maintained and prospects for the immediate future are good. Business activity in the industrial centres is on the increase and this is already reflected in a rise in long distance toll traffic.

Bell Telephone Co.

With more than $200 millions invested in buildings, plant and equipment and a total of 764,855 telephones in service at the beginning of 1939, The Bell Telephone Co. of Canada is by far the largest unit in the Canadian telephone industry.

In fact, it has more telephones in service than all the other Canadian telephone systems put together.

Conceived as a national enterprise, the company once owned and operated telephone systems in the three Prairie Provinces and in the Maritimes. Years ago, however, these properties were sold and operations are now confined to Ontario and Quebec.

Interchanges Service

Most of the towns and cities in Ontario and Quebec and some rural areas are served by the company. To a very large extent, however, the rural communities are served by local companies. In fact, Bell Telephone interchanges service with 906 local systems in Ontario and Quebec, largely in rural districts, serving 144,052 telephones.

Then, too, the company interchanges service with all systems forming the Trans-Canada Telephone System and their connections. It also connects with the American Bell System, and the countries linked together with radiotelephony.

Of the 764,855 telephones the company had in service at the end of 1938, 271,775 were business telephones, 493,080 residence telephones and 79,935 extension telephones.

Every day last year Bell Telephone Co. handled an average of 5,560,000 local calls and 57,000 long distance calls. The proportion of local calls completed was 83.3%, and of long distance calls 93.3%. Calls are not completed either because the called party does not answer or because the line is busy.

Not a year passes that Bell Telephone Co. does not improve its plant and equipment. Of the total number of telephones in service at the end of 1938, 469,487 were dial service. This number has been increased further since then.

Has Extensive Plant

Few telephone users realize the ramifications of the company's plant and equipment. It has 408 central offices. Outside plant includes about 3½ million miles of wire, 887,339 miles of which are aerial cable and 2,446,902 miles in underground cable. Only 219,219 miles are overhead in open wire construction. There are 90 miles of subway and 4,931 miles of duct.

Mention has already been made that the company improves its plant every year. Actually, millions of dollars are spent annually for this purpose. Expenditures on new construction and plant replacement in current year is estimated at $15.2 millions, compared with $14.1 millions in 1937. Of the total amount to be expended, $10 millions will be devoted to station equipment and exchange lines; $2.7 millions to central office equipment; and $1 million to construction of long distance lines.

$200 Millions In Fixed Assets

Investment in fixed assets at Dec. 31 last was slightly over $200 millions and against this there was a depreciation reserve of $52.4 millions.

Investment in subsidiary companies is carried in the balance sheet at $13.5 millions. The most important investment in this category is 51% of the common stock of Northern Electric Co., which manufactures telephone and radio equipment. Western Electric Co., a subsidiary of the American Telephone and Telegraph Co. holds 44% of the stock.

Capital of the company at the end of 1938 consisted of $67.5 millions of 5% first mortgage bonds; $8.2 millions of notes; and over $80 millions of common stock.

Refunds Bonds

In July last, there was an important development in connection with the bonds. Because of the uncertain international situation the company made arrangements for refunding of its $30 millions Series A first mortgage bonds which can be called for redemption on March 1 next. With this in view it sold $25 millions of 3¼% first mortgage bonds dated Aug. 1, 1939.

By this action the company will not only make a large saving in interest costs, but also in exchange charges. The 5% first mortgage bonds are payable in Canadian or U. S. funds at the option of the holder while the new 3½% bonds are payable in Canadian funds only. The company pays double interest on $25 millions of bonds for a period of seven months but this is not important in view of the large saving in interest and exchange costs.

In arranging the deal the Bell Telephone Co. took no chances on depreciation of the Canadian dollar. The underwriting arrangement provided for payment in U. S. dollars. Thus, funds for redemption of the Series A bonds on March 1 next are already on deposit in New York. In view of the course of events and the depreciation of the Canadian dollar this has proved a wise move.

Annual savings in interest charges as a result of the refunding operation will amount to about $600,000 annually. This will now be offset in part by increased exchange costs on $37.5 millions of 5% first mortgage bonds which cannot be called at this time. However, the saving accruing to common shareholders will still be substantial.

High Investment Rating

Bonds and common stock of the company have always enjoyed a high investment earning. Not only is the company strongly entrenched financially but it has an excellent earnings' record. Bond interest has always been earned by a wide margin.

Common dividends have been paid continuously since 1881. Up to 1932 the rate was 8% when it was reduced to 7¼%. In the years 1933 to 1936 inclusive it was 6%; in 1937, 7½%; and in 1938 and 1939, 8%.

Earnings of the company have shown steady improvement in the past three years. Net profit in 1938 was equivalent to $8.06 a share on the common stock, $7.73 in 1937 and $6.94 in 1936.

Business Good This Year

No official information is available as to the trend of earnings in the current year. However, operating revenues are likely to be higher. Recent information has not been released but in the first quarter of the year there was an increase in the number of telephones in service and in long distance revenue. In view of the recent improvement in business activity this trend has probably been accelerated.

While operating revenues are likely to be higher, net profit will not increase and may even be lower. The reason for this will be increased interest charges incident to the refunding operation and exchange costs. Next year, however, there will be a substantial saving in interest charges and an even greater one in 1941.

Exchange costs are, of course, an uncertain factor. Everything possible will be done to prevent a further depreciation of the Canadian dollar but there is no assurance it can be maintained at its present level.

The Bell Telephone Co. is controlled by Canadians, but 23.4% of its common shares is held by the American Telephone and Telegraph Co. Out of a total of 20,600 shareholders, 19,279, or 93.6%, live in Canada and hold 68.45% of the common stock.

Directors—*C. F. Sise, pres.; *P. A. McFarlane, vice-pres.; *F. Johnson, vice-pres., Montreal; *W. F. Angus, C. E. Gravel, *A. B. Purvis, *J. A. Eccles, *P. F. Sise, Montreal; Hon. Henry Cockshutt, Brantford, Ont.; W. H. Harrison, W. S. Gifford, New York; J. M. Macdonnell, Glyn Osler, Toronto; Sir George Garneau, Quebec, P.Q.; Hon. S. C. Mewburn, Hamilton, Ont.
Vice-pres.—J. H. Brace. **Sec.**—F. G. Webber. **Treas.**—J. R. Logan. **Compt.**—J. Cleugh.

*Members of executive committee.

Port Arthur & Fort William Systems

Telephone systems in the twin cities of Port Arthur and Fort William bear the distinction of being the only systems in Ontario operated by larger municipalities.

Both have been successful, being entirely self-supporting, The Bell Telephone Co. operated in these cities at one time but withdrew. Both systems are connected with the Trans-Canada Telephone System.

Fort William annual statement for 1938 shows a net profit on operations of the telephone system of $11,944, after all charges, including debenture interest and sinking fund payments. This compared with $27,662 in 1937.

In 1938 Port Arthur reported a profit of $36,528, after deducting operating charges only, and a surplus of $25,990, after depreciation and debt charges.

Northern Telephone Co.

Northern Telephone Co., New Liskeard, Ont., controls a telephone system in northern Ontario, with local exchanges in 24 centres, including New Liskeard, Cobalt, Kirkland Lake, Kapuskasing, South Porcupine and Timmins, Ont.; Amos, Noranda and Rouyn, Que.

At the end of 1938 the company had 11,788 telephones in operation, 25,200 miles of wire and 866 miles of pole line.

Operations for the year resulted in a net profit of $105,294, a substantial increase over a net profit of $64,747 in the preceding year. Interest on the 4% first mortgage bonds was earned by a wide margin. The common stock had earnings of more than 24 cents a share in 1938 and 15 cents in 1937. Dividends of 8 cents a share were paid in both years. Assets of the company totalled $1,318,498 at Dec. 31, 1938.

Directors—T. McCamus, pres.; F. L. Hutchinson, vice-pres.; S. C. MacDonald, W. A. Taylor, R. R. Woods.
Sec.-treas. & mgr.—P. R. Craven.

Eastern Townships Tel. Co.

Public interest in Eastern Townships Telephone Co., which operates a telephone system in the vicinity of Sherbrooke, Que., is limited, control being held by the Bell Telephone Co. of Canada.

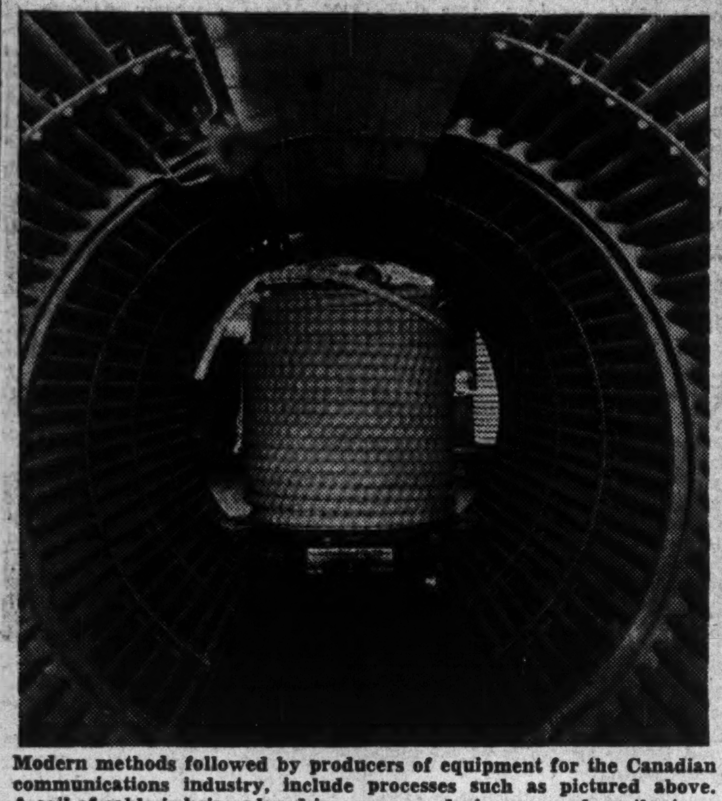
Although small in size, the company is only eight years younger than the parent concern. It came into being in 1888 under the name of the Sherbrooke Telephone Association. In 1892 it changed its name to People's Telephone Co. and in 1912 to the present title.

At the end of 1938 the company had 10 exchanges and 2,535 stations in operation. Capital of the company consists of 10,554 common shares, no par value. Dividends are paid at the rate of 72 cents a share annually.

Earnings of the company have improved in recent years and common dividends are covered by a good margin. In 1938 net profit was equivalent to $1.20 a share as compared with $1.05 in 1937 and 84 cents in 1936.

For several years now current liabilities have exceeded current assets, the excess at Dec. 31, 1938, being $74,564. Included under current liabilities is a loan of $77,000 from the Bell Telephone Co.

Directors—A. C. Skinner, pres.; H. B. Fletcher, vice-pres., Sherbrooke, Que.; J. R. Collins, Robert Neilson, J. E. Choquette, W. R. Stuart, Montreal; J. W. Quinn, Windsor, Que.; D. B. Hopkins, Coaticook, Que.; C. L. Jenkins, Rock Island, Que.; E. T. McGovern, Richmond, Que.
Gen. mgr. and sec.-treas.—T. J. Harding.



Modern methods followed by producers of equipment for the Canadian communications industry, include processes such as pictured above. A coil of cable is being placed in a vacuum drying oven where the temperature will be raised to 275 degrees Fahr.—10 times as dry and twice as hot as the Sahara Desert. The equivalent of a pail of moisture will be removed in eliminating virtually every trade of moisture from the core of wires in the cable.

Maritime Companies

Results This Year Are Regarded As Satisfactory — Outlook is Good

Telephone concerns in the Maritime Provinces report satisfactory results in the current year to date. The new upward trend in the number of telephones in service has continued and long distance toll traffic of the systems in Nova Scotia and Prince Edward Island has increased.

Prospects for the immediate future are favorable. Earlier in the year business activity was at a lower level than last year, but recovery forces have been at work recently.

Both Maritime Telegraph & Telephone and New Brunswick Telephone have continued their programmes of plant improvement and modernization.

Maritime Tel. & Tel.

Almost steady expansion in the number of telephones in service, in earnings and in assets is the experience of Maritime Telegraph and Telephone Co. since it was incorporated in 1910.

In only two years has the number of telephones in service failed to show an increase, these being the depression years of 1932 and 1933.

In the current year the number of telephones in service has continued to increase. At the end of August there were 42,564 telephones in use, which is the largest number in the history of the company, and an increase of 422 over the end of 1938.

The volume of toll traffic has also been better. In each of the first eight months the number of toll calls was higher than in the corresponding month last year.

Maritime Telegraph and Telephone serves a territory of 21,000 square miles in Nova Scotia, including the city of Halifax. It connects with and obtains toll traffic from a number of rural telephone companies.

The experience of the Island Telephone Co., a subsidiary which operates the principal telephone system on Prince Edward Island, has been similar to that of the parent company. Toll traffic of the Island system has shown a steady increase this year. At the end of August it had 4,362 telephones in service, an increase of about 200 in eight months.

Ownership of Island Telephone Co. is vested in Atlantic Utilities Ltd., which is a wholly-owned subsidiary of Maritime Telegraph and Telephone. Atlantic Utilities also owns Eastern Electric and Supply Co., which operates a garage, repair shop and printing establishment.

Plant and property owned by Maritime Telegraph and Telephone in Nova Scotia is valued at about $10.6 millions. It has in use over 4,000 miles of pole lines, about 9,200 miles of toll lines and 72,000 miles of wire. On the copper submarine cable to Prince Edward Island the company has a 99-year lease from 1910.

Plant and equipment of the company is being improved every year. Net capital expenditure in 1938 totalled $233,985, which included new dial exchanges at Dartmouth and New Waterford. Before the end of the current year dial systems will be installed at Amherst, Truro and Sydney Mines.

Capital of the company consists of $3.5 millions of refunding and general mortgage bonds; $1.5 million of 7% cumulative preferred stock; and $3,752,680 of common stock. Preferred and common shares have a par value of $10 each.

In addition, Atlantic Utilities has outstanding $500,000 of 4% first mortgage bonds, and Island Telephone Co. $100,000 of 6% first mortgage bonds.

Dividends Paid Regularly

Common dividends were initiated by Maritime Telegraph two years after it was incorporated as a merger of several small concerns and have been paid continuously since. The rate, however, has varied. From 1923 to 1932 inclusive 8% was paid on the common; 6% from 1933 to 1935 inclusive; 7% in 1936 and 1937; and 7¼% in 1938.

Common shareholders were given a bonus in 1931 of one Atlantic Utilities participating dividend right for each share held. Holders of these rights receive pro rata division of $40,500 each year.

Under the statutes of Nova Scotia, the Public Utilities Commission is authorized to allow the company to charge such rates as will enable it to earn 8% on the value of its property as appraised by the commission.

Directors—J. H. Winfield, pres. and man. dir.; W. A. Winfield, gen. mgr.; E. L. MacDonald, W. R. Powell, R. A. Corbett, Halifax; C. F. Sise, Montreal; A. J. Campbell, Truro; George Killam, Yarmouth; James McConnell, Sydney; J. W. McLeod, New Glasgow; Hon. F. R. Davis, Bridgewater.
Comptroller—C. A. B. Bullock. **Sec.-treas.**—T. N. Goudge.

N. B. Telephone Co.

New Brunswick Telephone Co., the second ranking telephone system in the Maritime Provinces, has spent large sums on improvements in recent years.

Capital expenditure in 1938 for improvements and additions totalled $347,000. In the current year they will amount to around $850,000. This includes completion of work at Bathurst, installation of an automatic exchange at Moncton and a new building and exchange at St. Andrews.

The company's system covers the Province of New Brunswick and connects on the east with the system of the Maritime Telegraph and Telephone Co. and on the west with the Bell Telephone Co. of Canada system. It is an important link in the Trans-Canada Telephone System.

Business Holds Up

At the end of 1938 it had 31,573 telephones in service. As compared with the same period of 1938, both telephone installations and long distance toll traffic have held up satisfactorily this year to date.

Control of the company is held by the Bell Telephone Co. of Canada although it is operated as an independent unit. In fact, its original properties were part of the Bell system. Organized in 1888 New Brunswick Telephone Co. took over the New Brunswick properties of Nova Scotia Telephone Co. which had previously acquired the Maritime properties of Bell Telephone Co.

Capital of the company consists solely of common shares. Additional capital required during the past 10 years has been provided by shareholders and subscribers. In fact, only a few months ago shareholders were offered the right to subscribe for one new share for each 10 shares held at $10 a share.

Purpose of this stock offering was to liquidate a bank loan which amounted to $220,000 at the end of 1938 and to finance additional capital expenditures.

Issuance of the 57,848 common shares offered to shareholders will bring the outstanding capital to 636,332 shares, par value $10 each.

Capitalization of the company has shown almost steady expansion. Common dividends have been paid every year since 1909, although the rate has varied. From 1916 to 1931 inclusive, the rate was 8%. Since then it has been 5% annually except for the years 1932 and 1937 when 5¾% and 5½% respectively was paid.

During the past seven years earnings have varied between 49 cents and 59 cents a share. Last year earnings wer equivalent to 51 cents a share compared with 59 cents in 1937. Gross revenue advanced slightly in 1938, but operating expenses recorded an even larger increase.

Directors—*Hon. F. B. Black, pres., Sackville; *H. P. Robinson, vice-pres.; W. C. Allison, *W. E. Golding, Saint John; J. M. Robinson, Rothesay; Hon. R. B. Hanson, Fredericton; E. W. Mair, Woodstock, N.B.; H. O'Leary, Richibucto; *F. R. Sumner, Moncton; A. D. Ganong, St. Stephen; G. P. Burchill, South Nelson; W. J. Kent, Bathurst; Hon. G. B. Jones, Apohaqui; Pius Michaud, Edmundston.
Sec.-treas.—N. E. Moore. **Gen. mgr.**—O. J. Fraser.

*Members of executive committee.

Farmers' Telephone

The Farmers' Telephone Co., which operates a telephone system in and adjacent to Howick, Que., is controlled by the Bell Telephone Co. of Canada. In all, it operates seven exchanges and at the end of 1938 had 1,175 stations in service.

Capital of the company consists of 3,976 common shares, par value $25 each. Dividends are paid at the rate of $1.25 a share annually.

Earnings in 1938 were not sufficient to cover dividend requirements, net profit being equivalent to only 87 cents a share as compared with $1.96 a share in 1937. The decline in earnings was entirely due to an increase in operating and maintenance expenses and a larger provision for depreciation.

Assets of the company amount to $186,650. Real estate, plant and equipment are carried in the balance sheet at $176,998 against which there is a depreciation reserve of $68,728. Working capital at the end of 1938 amounted to only $2,793.

Directors—Robt. Neilson, pres.; J. E. Ness, vice-pres.; W. R. Stuart, J. E. Choquette, G. C. Garner, Montreal; J. O. McKell, J. Houston, Riverfield, Que.; W. Younie, Brysonville, Que.
Gen. mgr. and sec.-treas.—W. F. Welch.

Quebec Telephone

Quebec Telephone and Power Co. is a holding company which owns telephone operating companies providing service in the Lower St. Lawrence River area below Quebec.

It also operates, in conjunction with the Canadian Marconi Co., a radio-telephone service providing direct communication between the north and south shores of the St. Lawrence.

Properties of the company's operating subsidiaries at the end of 1938 included 5,202 miles of line. At the same time they had 3,518 telephones in service.

Outstanding capital of the company consists of $381,000 of 5% first mortgage and collateral trust bonds; 36,286 shares of class A no par value stock; and 35,196 shares of class B no par value stock. An issue of $300,000 of bonds of one of the company's subsidiaries, La Compagnie de Telephone Nationale is deposited as security for the parent company's bonds.

Earnings Improve

Earnings of the company fell off during the depression but in recent years there has been improvement. Net profit in 1936 was equivalent to 22 cents a share on the class A stock, as against 16 cents in 1937. No dividends have been paid on the class A stock since 1931, and none have ever been paid on the class B shares. In fact, no earnings have ever been shown on the latter class of shares.

Organization expenses and certain other items of no real value were eliminated from the balance sheet in 1938, the write-off being partly absorbed from the depreciation reserve of a subsidiary. Deficit account was increased from $9,211 to $29,640. Shareholders' equity was in no way affected and the action seemed advisable so as to facilitate the declaration of a dividend whenever the general situation of the company permits, according to Earnest Beaubien, president.

Assets of the company total $1.6 million. Investment in plant and equipment, before deducting depreciation reserves, amounts to $1.3 million. Working capital amounts to $56,619.

Improvements were made to plant and equipment in 1938. At Rimouski, the main revenue centre, a new switchboard of modern type was installed to replace the old one which was obsolete.

Directors—J. A. Brillant, pres. of board, Rimouski; Ernest Beaubien, pres. of co., Quebec, P.Q.; J. A. Desjardins, vice-pres., Matane, P.Q.; P. E. Gagnon, sec.; Georges Masson, Thos. Bernier, L. R. D'Anjou, Rimouski.
Treas.—J. H. Brochu.

Coast Sets Pace in Telephone Use

British Columbia leads all the provinces in telephone development, 17.5 telephones per 100 people, according to the latest figure. Ontario is next with 16.2. Vancouver ranks first with Canadian, and fifth of the world's largest cities with 29.6 telephones per 100 population. Toronto is the second city in Canada with 25.3, but for residence telephone development, Toronto is far ahead of all other metropolitan centres in the world with 68.8 home telephones for every 100 families.

Avalon Telephone

Avalon Telephone Co., which owns and operates the telephone system in St. John's, Nfld., and surrounding district, has about 7,800 telephones in service, the largest number in its history.

Early this year, wireless telephone service between Canada and Newfoundland was established by the Avalon Telephone Co. and the Bell Telephone Co. of Canada in collaboration with the Canadian Marconi Co. With the outbreak of war, however, this service was suspended.

The war has also resulted in suspension of the wireless telephone service between St. John's and the Burin Peninsula. Equipment was also being installed for service between St. John's and Grand Falls.

Franchise Extends to 1977

Incorporated in 1919 to acquire the telephone system of the Anglo-American Telegraph Co. the company operates under a franchise from the Newfoundland Government extending to 1977.

Capitalization of the company consists of $800,000 of 4½% first mortgage bonds; 16,000 shares of 7% non-cumulative preference stock, par value $25 each; and 9,454 common shares, par value $25 each.

Earnings of the company have been relatively stable over the past nine years. Bond interest has been earned by a good margin and preferred dividends paid regularly since the company was incorporated. Common dividends have been paid as follows: 2% in 1922; 4% in 1923; 5% in 1928; 6% in 1929; and 7% in 1930 to 1939 inclusive.

Gross earnings increased from $238,984 in 1937 to $254,606 in 1938. Net profit, however, declined to $45,599 from $51,022 due to increased operating expenses and larger provision for depreciation.

Assets of the company total $1.7 million of which $1.6 million represents investment in plant and equipment. Depreciation reserve against fixed assets amounts to $230,000. Working capital at Dec. 31 last was only $18,039.

Directors—R. J. Murphy, pres. and man. dir.; J. D. Cameron, sec.-treas.; G. Brownrigg, M. E. Martin, A. E. Hickman, St. John's, Nfld.; E. S. Morse, Toronto; T. A. Weldon, Montreal.

Sweeping Away The Barriers of Distance

THE distance between Central or Western Canada, and Nova Scotia, is only a matter of seconds today. The Long Distance Telephone has turned miles into moments in Nova Scotia, as it has everywhere in Canada. Calls to practically every point in this province from the most remote parts of the Dominion are completed while you hold the line, and connections are crystal clear.

Glance at the specimen rates below and learn how small is the cost of a three minute "voice-trip" to Halifax from various central Canadian points. Other parts of Nova Scotia can be reached for little more or less. It's practically a "round-trip" excursion, at a cost within the reach of almost any pocket.

Montreal	$2.15	Ottawa	$2.45	Hamilton	$3.25
Quebec	$1.75	Toronto	$3.00	Windsor	$3.50

(Station-to-Station daytime rates for 3-minute calls)

MARITIME TELEGRAPH AND TELEPHONE COMPANY, LIMITED
HEAD OFFICE — HALIFAX, NOVA SCOTIA.

A Message From PHILLIPS

The modern Brockville, Ont. works of Phillips Electrical Works Limited, is the scene of the company's new telephone manufacturing activities. Here are produced the latest and most efficient type of instruments and switching apparatus. Phillips also has a large plant in Montreal devoted to the manufacture of wires and cables.

To supply the telephone companies of Canada with equipment and materials involves far reaching responsibilities. For telephone service is a service vital to the public interest, and the manufacturers therefore have an obligation not only to the purchasers of their products, but also to every citizen of the Dominion who uses them.

In recognition of that obligation, the Phillips organization is dedicated to the idea that the service rendered to Canadian telephone users must at all times measure up to the highest standards. As their contribution to that end, Phillips has enlisted the aid of the world's foremost telephone research and development engineers to keep their products abreast of the times. In addition to having established the most modern manufacturing facilities, they have built up a service and technique which is manifest in the steadily growing recognition of the Phillips name.

With a background of almost fifty years of steady growth and progressive development, Phillips takes special pride in the part they have played in the development of the Canadian telephone industry, and pledge themselves anew to a continuance of their policy of manufacturing and supplying the finest equipment that modern science can provide — equipment that will enable telephone users to take pride in the service it renders.

PHILLIPS WIRES, CABLES and TELEPHONE APPARATUS

Distributors in Canada:

CANADIAN TELEPHONES & SUPPLIES, LIMITED
HEAD OFFICE: 284 KING STREET WEST, TORONTO, ONTARIO
BRANCHES: WINNIPEG MONTREAL REGINA BROCKVILLE VANCOUVER

Prairie Systems' Outlook Better

Publicly Owned Services Operations Are Improved

Outlook for the Government-owned telephone systems in the 3 prairie provinces has improved. The larger crop should mean greater business activity in the West and in turn an increase in telephones in service and greater long distance toll traffic.

Financial results of the three government systems last year were satisfactory, improvement being shown over 1937. Reports for the current year should show continuance of that trend.

The larger crop and increased purchasing power should result in larger revenues not only for the provincial systems but also for the numerous municipal systems operating in the rural areas.

Alberta System

Operations of Alberta Government Telephones improved in the year ended March 31 last. The system's operating revenue amounted to $2,572,847. Operating expenses totalled $1,108,938, leaving telephone net earnings at $1,463,909. Net surplus for the year before provision for bad debt and depreciation was $592,612. This compares with $541,280 the previous year.

$15.7 Millions in Fixed Assets

The balance sheet of Alberta Government Telephones shows physical assets at $15.7 millions.

Capital debt of the system is shown at $27.6 millions. Part of this represents bonds sold to finance the construction of rural lines which have since been sold. Losses on sales and abandonment of rural lines, toll lines and equipment are shown at $8 millions. Reserves, including sinking funds, total $2.8 millions.

As presently constituted, the Alberta Government telephone system has 33,575 telephones in service and has connections in Alberta servicing an additional 35,053 telephones. It has 275 exchanges and 43,000 miles of long distance lines. In 1937-38 there was a gain of 1,275 in the number of stations in service.

First Government System

Alberta was the first province in the Dominion to have a Government-owned telephone system. The province entering into direct competition with the Bell Telephone Co. in 1906, and buying out the latter for $675,000 two years later.

Construction of the first government line was commenced in the fall of 1906 and put into service in the spring of 1907 between Calgary and Banff.

System Extended Rapidly

Under government ownership the telephone system was extended rapidly. It was not limited to long distance lines and urban exchanges which have proved self-supporting, but was immediately extended to rural districts. The original rural rate schedules were calculated to pay the cost of operation and maintenance only, without any allowance for capital charges. Actually, in spite of subsequent increases, rural earnings were not even sufficient to provide for maintenance charges for that part of the development.

Control of the telephone system was shifted in 1912 from the Department of Public Works to a new Department of Railways and Telephones. In the years 1912-1914 the system nearly doubled in size, but during the war years it marked time.

At the close of the war, expansion began again so that the system today is almost five times the size it was when the Department of Railways and Telephones was created in 1912. From the time of installation of the first automatic exchange in Strathcona in 1909, dial telephones have been standard equipment in the larger centres.

Long distance lines blanket the province and are connected with the Trans-Canada Telephone System.

The government system provides telephone service to most of the cities and towns. However, the city of Edmonton has its own telephone system.

Sask. Govt. System

The past 10 years have been difficult ones for the Province of Saskatchewan, but the Saskatchewan Government Telephone System has remained self-supporting and has continued to improve its service.

Despite a decline in the number of subscribers the system has been maintained in an efficient condition, physical plant modernized, equipment improved and long distance lines extended. During the past four years, 2,549 miles of long distance pole lines have been reconstructed.

The financial statement for the year ended April 30, 1939, is not available as yet, but in 1937-38 the system had net operating revenue of $941,124. After providing for interest charges, depreciation and a write-off of intangible capital there was a net deficit for the year of only $4,277.

Assets of $17 Millions

The balance sheet of the system as at April 30, 1938, shows total assets of about $17.4 millions. Of this amount, $14.7 millions is invested in plant, buildings and equipment. Replacement reserves total $5.6 millions. Government investment in the system amounts to $12.2 millions.

Operations of the Government system are largely confined to that portion of the telephone field that requires expert technical maintenance and centralized handling. This includes the city, town and village exchanges, and the long distance telephone network.

In the farming districts telephone service is provided by small rural companies, which have been actively fostered and supervised by the Government. At present there are over 1,150 of these rural companies and all of them interchange service with the Government system.

The history of telephones in Saskatchewan dates back to before formation of the province. In 1884, that is, in North West Territory days, Regina had nine telephones and by 1889 the number had grown to only 39. An exchange was opened in Prince Albert in 1891 and in Saskatoon in 1893. Yet, when the provincial Government entered the field in 1907-08, Saskatchewan was largely undeveloped from the point of view of telephone service.

Bought Private Companies

The first step taken by the telephone department of the Government was to purchase the existing telephone properties in the province, which consisted of 17 local exchanges and 492 miles of long distance pole lines. Since then the system has been expanded almost continuously.

Even during the depression years long distance telephone lines were pushed farther into the thinly populated northern section of the province. Tangleflags or Frenchman's Butte may not mean anything to the outer world, but their addition to the roster of places served by the Saskatchewan Telephones means a great deal to these small bushland settlements on the fringe of civilization.

In the use of automatic equipment Saskatchewan was years ahead of some of the larger provinces. As early as 1907, when it was still privately owned, the Saskatoon exchange was converted to automatic operation. When the Regina plant was destroyed by a cyclone in 1912 it was replaced with an automatic exchange.

There are now 10 automatic exchanges on the system. The most recent conversion from manual to automatic type is Yorkton, which was changed over in 1936.

Manitoba Telephone

The Manitoba Government Telephone System is owned and operated by a provincial government and is entirely self-supporting. It provides service in rural districts at among the lowest rates in Canada.

Revenues of the system declined during the depression, but in each of the last four years there has been a steady improvement. Gross revenue for the year ended Nov. 30, 1938, amounted to $3,199,538, an increase of $144,232, or approximately 5% over 1937. Long distance and toll revenue rose $31,130, an increase of 5.6% over the previous year.

Surplus for the year, after crediting $72,000 to reserve for intangible capital, was $164,413. This, together with the surplus at the end of the previous year, gives an accumulated amount of $297,512. From this surplus special grants of $17,531 and $39,436 were made to municipalities in lieu of taxes for 1937 and 1938 respectively. The grant for 1938 was equivalent to the real estate tax on all land and buildings owned by the system in the province. Transfer of $185,285 was made to reserve for intangible capital to take care of accrued amortization of bond discounts and exchange, leaving an accumulated surplus of $55,258 at the end of the year.

Total reserves and surplus now amount to over $12 millions an increase of $576,630 over the previous year.

The balance sheet of the system as at Nov. 30, 1938, shows total assets of $33.6 millions as against a government investment in the system of $21.2 millions. Replacement reserves totalled $12.2 millions. Of this amount, $6.4 millions is invested in securities and $1.6 million in plant; $1.7 million has been appropriated for a sinking fund and $2.2 millions appropriated for reduction of bonded debt.

Plant expenditure in 1938 amounted to $615,548. Of this amount, $144,952 was capital and $470,596 replacement.

System Dates From 1880

Telephone service in Manitoba dates from 1880 when it was first introduced by private individuals operating a small exchange in Winnipeg. In 1881, the Bell Telephone Co. bought out this exchange. The next year it established exchanges at Portage La Prairie and Brandon.

Shortly after the turn of the century, there developed in Manitoba a movement for government ownership of telephones. It was felt the government would expand service with greater speed than a private concern. After considerable negotiation the Manitoba government purchased the Bell System, consideration being $3.4 millions of 4% Province of Manitoba bonds. At that time only 14,043 telephones were in operation.

Since it was acquired by the Government the system has shown almost steady growth. Today, Manitoba, with a population of over 700,000, has 72,035 telephones in use. Out of this number, 69,080 are direct subscribers to the Government System. The other 2,955 are connected with municipal systems and private companies. These private systems are connected with the Government's long distance lines.

The Manitoba Telephone System is the only one in Canada which provides both unlimited and limited services to rural communities. Those not desiring unlimited service have the privilege of a limited service at $1 a month, which permits 30 calls. Incoming calls and calls on the same line are free.

Whenever need has developed, long distance lines of the system have been extended to new districts. This service extends to the northern mining districts of Manitoba. The long distance service extends to every settled part of the province, but through the Trans-Canada Telephone System has connections with all points throughout the world.

1,976 Calls a Year For Each 'Phone in Use

Canadians like to use the telephone, judged by the average number of conversations held during the course of the year. In 1928 there were 1,664 calls placed on each telephone, of which number 1,637 were local and 27.1 long distance. In 1937, the latest year for which complete returns are available, the telephone was busier than ever for an average of 1,953 local and 23.3 long distance calls, or a total of 1,976 were recorded for each instrument.

Edmonton

The City of Edmonton telephone system has shown substantial profits for many years and has contributed large sums in taxes to the city. Since inception, the utility has had surpluses to 1938 of more than $2.8 millions.

Edmonton installed an automatic exchange and dial telephone in 1909, being the first city in the Dominion to use this equipment. The installation was made by the Alberta Government in Strathcona, but in 1910 Strathcona was merged with Edmonton and the Strathcona exchange acquired by Edmonton. Equipment used by the system is of the most modern kind.

In 1938 the system had gross earnings of $617,496, and after capital and depreciation charges of $116,042; maintenance, $109,793, and operation deductions of $98,242, net surplus totalled $174,582. Taxes paid to the city amounted to $118,837, compared with $117,395 in 1937.

At Dec. 31, 1938, debentures outstanding totalled $1.4 million, against which there was sinking fund of $499,457, leaving net funded debt at $895,183.

100 Years of Communication

1809—First Canadian steamship launched at Montreal.
1835—Morse discovers passage of electric pulses through electro-magnetic circuit can be made to record on paper tape.
1837—First railway in Canada.
1840—Samuel Morse granted patent for a writing telegraph.
1842—Morse made experiments with telegraphy through submarine cable.
1846—Telegraph line between Toronto and Hamilton opened.
1847—Alexander Graham Bell born in Edinburgh, Scotland. Toronto, New York and Montreal joined by telegraph.
1852—Grand Trunk Railway system organized.
1861—First telegraph line from Atlantic to Pacific complete.
1866—Atlantic telegraph cable successfully laid.
1870—Bell family moved to Canada from Scotland.
1874—Idea for telephone conceived by A. G. Bell at Brantford, Ont.
1875—Thomas A. Watson makes gallows-frame telephone for Dr. Bell.
1876—Bell filed specifications for telephone patent. First long distance talk in Canada.
1877—Telephone service started, Hamilton, Ont.
1878—First telephone exchange in world opened at New Haven, Conn. First commercial telephone exchange in Canada opened at Hamilton, Ont.
1879—First automatic telephone was patented. First telephone exchange opened in Montreal.
1880—Bell Telephone Co. of Canada incorporated.
1881—Windsor-Detroit cable laid. Telephone line between Toronto and Hamilton completed.
1885—Canadian telegraph line across Canada completed.
1886—Multiple switchboards installed in Montreal and Toronto.
1887—Montreal - Ottawa telephone line opened.
1888—Cables containing 50 pairs of wire introduced.
1889—Toronto-London metallic telephone circuit completed.
1892—New York-Chicago telephone line opened.
1897—Imperial penny postage established.
1900—First common battery exchange in Canada opened at Ottawa.
1901—Wireless telegraphy receives first test between St. John's, Newfoundland, and Poldu, Cornwall, England.
1902—First wireless station opened at Glace Bay.
1908—Rural mail service inaugurated.
1909—First use of radiotelegraph to save lives on sinking S.S. Republic.
1910—Loading coils introduced to increase range of long distance service.
1915—Speech first transmitted from U. S. to Paris and Hawaii. Transcontinental telephone line connecting New York and San Francisco opened by Dr. Bell and Mr. Watson.
1916—First telephone conversation between Montreal, Toronto and Vancouver.
1917—Successful two-way telephone communication between airplane and ground station.
1920—First regular radio broadcast sent from Schenectady, N.Y.
1921—Conversation opened by deep sea cable from Key West, Fla., to Havana, Cuba.
1922—First ship-to-shore telephone communication to S.S. America, at sea.
1924—Toronto's first dial exchange opened. First public demonstration of picture transmission over telephone circuits New York-Cleveland.
1926—Two-way trans-oceanic telephone test successful.
1927—Opening of commercial radio-telephone service between America and England.
1929—Ship-to-shore telephone service started.
1930—Radiotelephone service opened between America and Australia. Two-way television demonstrated.
1932—Trans-Canada telephone system opened by the Earl of Bessborough.
1933—Overseas telephone service extended to India.
1935—First round-the-world telephone talk over 23,000 miles circuit.
1936—First telephotographs in Canada sent from Quebec.
1937—Overseas telephone service extended to China.
1939—93% of world's telephones within reach of practically any telephone in Canada.

Manitoba Rural Lines Cover 10,716 Miles

Rural lines of the Manitoba Telephone System have a total of 10,716 miles of poles and 26,254 miles of wire. This compares with 1,211 miles of poles and 2,089 miles of wire in 1908.

At the present time the average miles of poles and wires per subscriber stands at: poles, one mile; wire, 2.3 miles. This compares with 0.79 miles of poles and 1.37 miles of wire per subscriber in 1908.

There has also been a large increase in both pole and wire circuit long distance mileage during the past 29 years. At present there are 1,929 miles of poles and 9,419 miles of wire. This compares with 1,195 miles of poles and 3,351 miles of wire in 1908.

Founded on Service Built to Endure

FROM a humble beginning in 1908, through three decades of progress, the Saskatchewan Government Telephones stands as a monument to the foresight of the early builders of the Province. Far distance is spanned — boundaries disappear, and a wide-spread people are closely welded through the magic of the telephone. Do you want to speak to a friend "up north"? — do you want to conclude a business deal with a client in another city? — or do you wish a friendly chat with a neighbour a few blocks away? — it's so easy to do any of these things in the Province and beyond, thanks to the Saskatchewan Government Telephones!

- 315 Local Exchanges
- 230 Public Long Distance Offices additional to Exchanges
- 1150 Connecting Rural Systems
- 7000 Pole Miles of Long Distance Network

Principal exchanges are fully automatic (dial operated), including Regina, Saskatoon, Moose Jaw, Prince Albert, Yorkton, Swift Current, Melfort, North Battleford and other points:

DEPARTMENT OF TELEPHONES SASKATCHEWAN

SASKATCHEWAN GOVERNMENT TELEPHONES

MEMBER TRANS-CANADA TELEPHONE SYSTEM

Services to Suit all types of Business Enterprise!

Whether your business is very extensive or relatively small, there is a type of telephone equipment best suited to your needs.

To help you obtain the best, our staff is prepared to make a survey and submit recommendations for your consideration. This is done without obligation to you.

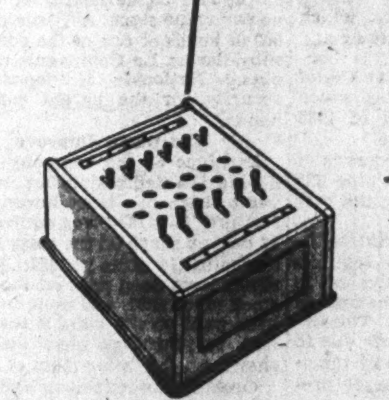
WIRING PLANS consist of simple switching devices with push buttons and enable you to —

- **place or receive calls on one or more lines**
- **'hold a line' while talking over another line**
- **intercommunicate between telephones.**

PRIVATE BRANCH EXCHANGES (with attendant) for firms requiring the centralization of telephone traffic. Manual or dial equipment may be had, depending on your telephone needs.

DIAL PRIVATE BRANCH EXCHANGES (without attendant). These systems may be obtained with or without light signals to augment the ordinary ringing equipment. —

- **provide 24-hour service**
- **calls may be answered or placed at any one of several locations**
- **assure absolute privacy on all calls**
- **provide for the restriction of some telephones, if desired.**



TELETYPEWRITER SERVICE provides instantaneous typewritten communication between two or more points which may be separated by a hundred yards or several hundred miles.

HAND TELEPHONES (available in two styles, regular and hang-up type) are more attractive and easy to use. Only one hand is required, leaving the other free to jot down notes.

If you would like more information about the services outlined above, or the several other types of telephone service now available, please get in touch with our nearest office.

THE BELL TELEPHONE COMPANY OF CANADA

4,870 Telegraph Offices Serve Canada

Handle Over 11 Million Telegrams Each Year — $46 Millions Invested

Canadian telegraph companies render an invaluable service to the nation in the transmission of messages, in the operation of railways and in the receipt and dispatch of market and press reports. However, few people, realize the extensive ramifications of the telegraph plant required to render these services.

Telegrams and cables are received and forwarded through 4,870 offices in Canada. Telegraph pole mileage totals 52,708 miles and wire mileage amounts to 373,283 miles. More than 6,300 persons are employed in the industry and the payroll exceeds $8.2 millions.

Investment in plant and equipment amounts to $46.3 millions. Figures for 1938 are not available as yet, but gross income in 1938 amounted to $10.6 millions. Operating expenses totalled $9.4 millions, leaving net revenue of $1.2 million.

Telegrams handled in 1937 totalled 12,845,224. Cablegrams numbered 1,404,244.

Seven Telegraph Systems

In all, there are seven telegraph systems in Canada, but the industry is dominated by the telegraph departments of the Canadian National Railways and Canadian Pacific Railway. The systems of these two companies extend from the Atlantic to the Pacific.

Small systems are owned by the Northern Alberta and Temiskaming & Northern Ontario Railways. North American Telegraph Co. operates north and west of Kingston, Ont. Western Union Telegraph Co. operates across the southwestern part of Ontario but does no local business. It also relays transatlantic messages at Canso, N.S.

Government System

The Dominion Government Telegraph Service operates lines in Nova Scotia, New Brunswick Northern Quebec and the western provinces up to the Yukon territory, and a small mileage in Ontario. The general object of the Government's service is to furnish wire communications for outlying and sparsely settled areas where the amount of business is so small that commercial companies will not enter the field. At the same time it confines its activities to areas where public interests require there should be communication.

Sixteen trans-oceanic cables terminate in Canada, 14 of them on the Atlantic and two on the Pacific. In addition, there are eight cables between Atlantic coastal stations in Canada and the United States. The Atlantic cables are owned by English and United States interests. The Pacific cable, from Canada to Australia and New Zealand, is owned by a company controlled by the British Government.

C.N. and C.P.R. Telegraphs

Canadian National Telegraphs is the largest Canadian system. It has 2,375 offices and a pole line mileage of 24,683 miles. Investment in plant and property amounts to over $20 millions. In 1937 it handled 7,193,498 telegrams, of which 1,171,696 were received from United States.

Canadian Pacific Telegraphs has 1,712 offices and a pole line mileage of 17,478 miles. Investment in property and equipment amounts to $18.7 millions. In 1937 it handled 4,976,619 messages, of which 420,107 were received from United States.

Net operating income of the C.N. Telegraphs in 1937 was $588,189, and of the C.P.R. Telegraphs, $963,664. Net revenue, before making provision for interest on capital investment, amounted to $243,048 in the case of C.N. telegraphs and $894,766 for the C.P.R. telegraphs.

Morse Invented Telegraphy

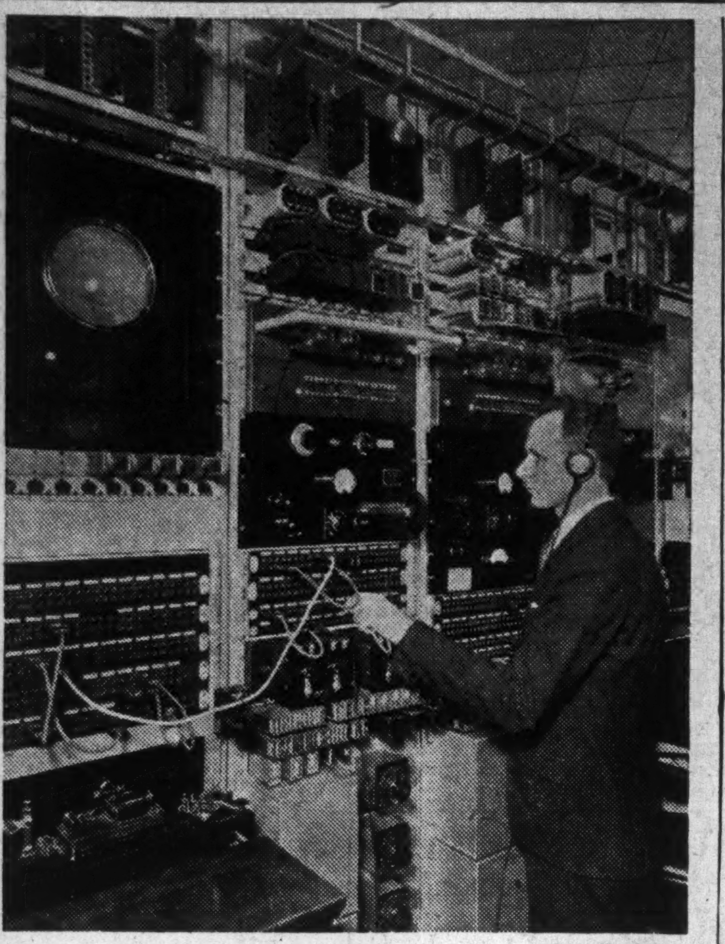
The history of the telegraph industry dates back to 1832 when Samuel Morse, an artist by profession, was returning from Europe to America. He became interested in an electro-magnet shown him by a fellow passenger.

Morse conceived the idea of using such a device for sending communications by wire. Experiments followed. Using a similar magnet as a receiver, with an attachment for recording the signals, he found he could transmit signals by alternately opening and closing the electrical circuit. Further study gave him the system of dots and dashes to represent letters, known as the Morse code.

Not until 1844, with funds voted somewhat reluctantly by the U.S. Congress, was he able to build an experimental line between Washington and Baltimore. On the morning of May 24, 1844, he sent his first message and since then the telegraph has been an established means of communication.

First Line in Canada In 1846

The first telegraph line in Canada was established in 1846 by the Toronto, Hamilton and Niagara Electro-Magnetic Telegraph Co., organized by a group of Toronto men. The Montreal Telegraph Co. began construction of a line to Toronto in Feb., 1847, and began actual operation between the two cities on Aug. 3 of the same year. In 1852 it acquired the Toronto, Hamilton and Niagara Co. Montreal Telegraphs is still in existence but its lines are leased by the Canadian National Telegraphs.



—C. P. R. photo.

Radio programme transmission is important part of telegraph companies' work.

A variety of systems for transmitting and reading messages was evolved. Today, practically all trunk traffic between important centres is handled by automatic printers, the messages appearing on a tape at the receiving office in typewritten form. For lighter traffic, such as in railroad service, the simple Morse code is still considered the most flexible and efficient.

Development of Cables

Once land telegraph systems were established, men began to visualize similar communication between continents by wires laid in the sea. It was the discovery of gutta percha and a method of applying it as insulation to wires that made this possible.

The first three attempts to establish cable communication between this continent and Europe were unsuccessful. It was finally accomplished in 1866 and has been in operation ever since.

The first cables were operated by what was known as the mirror system. A beam of light from an oil lamp was focused on a little mirror attached to a magnet and suspended between the poles of an electro-magnet. Electrical impulses received over the cable caused the mirror to move either to the right or left, according to the direction of the current. Changes in the direction of the current were controlled by means of two keys manipulated by the transmitting operator. Slight movements of the mirror were detected by much greater movements of the reflected spots of light.

Movement of the light spot to one side represented dots and to the other side, dashes. The receiving operator called out the signals to an assistant in an adjoining room who wrote the message down. Operators who performed this kind of work were known as "spot-dodgers."

Opens Up New Fields

An important phase of the telegraph business is radio broadcast transmission. In the early days of broadcasting the telegraph departments of the two railways incorporated in their nation-wide communication system special refinements to provide for satisfactory network transmission for broadcast purposes.

Trans-Canada broadcast transmission has been steadily improved. Repeaters are established about 150 miles apart along the entire route from coast to coast. The programme currents are amplified at these points, thus maintaining adequate programme volume at all points without loss of quality. At each point where the programme is delivered additional amplifiers are connected to the circuit so that adjustments can be made to suit the special requirements of each station.

Pictures by Wire

Telephoto companies also utilize the telegraph lines for transmission purposes. During the visit of the King and Queen to Canada this year a large number of photos were transmitted over the lines of the telegraph companies.

New services inaugurated this year include the "evening and Sunday" telegram which allows the customer a 40-word message to be delivered on the evening of filing, at a cost of the ordinary day rate for 10 words. Low-cost flat rates have also been established for birthday messages.

Saskatchewan Leads in Miles of Pole Lines

The extraordinary development of telephone service in Canada is well illustrated by the fact that the Dominion has about 210,000 miles of pole lines. Not all of this is visible for more than 6,000 miles is in underground conduits. Ontario might be expected to have the largest mileage, but the returns of the Bureau of Statistics show that Saskatchewan is well in the lead with nearly 70,000 miles of pole line. Ontario ranks second while Alberta is third.

In wire mileage, however, Ontario is well to the fore with Quebec second.

	Mileage	
	Poles	Wires
Prince Ed. Island	1,821	8,126
Nova Scotia	7,690	119,370
New Brunswick	4,873	68,991
Quebec	20,270	1,259,122
Ontario	56,248	2,466,775
Manitoba	17,711	318,285
Saskatchewan	69,664	388,058
Alberta	24,563	262,260
British Columbia	6,778	416,326
Yukon	149	571
Canada	209,767	5,307,884

Control Held in Canada

Over 93 per cent of the shareholders of the Bell Telephone Co. of Canada reside in the Dominion. They hold 68.45 per cent of the outstanding stock.

Newfoundland 78th on List

Radiotelephone Connection Forges New Empire Link

Telephone service between Canada and Newfoundland went into operation early this year, and Great Britain's oldest colony thus became the 78th country or territory to be linked with the Dominion by overseas telephone. Because of the war, the service has been temporarily abandoned for public use.

Establishment of service between Canada and Newfoundland marks the forging of another link in the vast chain of Empire communications. It was made possible by the co-operation of three companies—Bell Telephone Co. of Canada, the Canadian Marconi Co. and the Avalon Telephone Co., of Newfoundland.

Help Two Nations

The new service provides invaluable means of instantaneous voice communication and offers a unique opportunity for the promotion of the growth and development of the two nations. Through the facilities of the Trans-Canada Telephone System, practically every one of Canada's more than 1,325,000 telephones are now within reach of the subscribers served by the Avalon Telephone Co., which serves approximately 7,800 subscribers in St. John's and the surrounding district.

The new circuit also links Newfoundland's telephones with those in the United States. All calls to that country will be routed via Canada through the overseas switchboard of the Bell Telephone Co. in Montreal. It is expected that service between Newfoundland and other parts of the world will be ready in the near future.

From the very beginning, the history of telephony in Newfoundland has been closely identified with the growth of the Canadian telephone industry. In fact, by a strange coincidence, it is exactly 56 years since a young man set out from Montreal to explore the possibilities of establishing local telephone service in Newfoundland under the auspices of the Bell Telephone Co. of Canada. The young man was L. B. McFarlane, later president and chairman of the board of directors of the company. He made an agreement, which continued for some years, whereby the Anglo-American Telegraph Co. was granted the right to use Bell Telephone patents on a royalty basis. In 1919, Anglo-American Telegraph Co. telephone plant was sold to a Newfoundland group which organized the Avalon Telephone Co.

Bell Employees Shareholders

At the end of 1938, 3,554 employees of the Bell Telephone Co. of Canada held 34,934 shares, or 4.4 per cent of the company's outstanding stock.

Strowger the Undertaker

Invented Automatic Telephone to Make Sure He Got All His Calls

As the number of subscribers and the extent of telephone service increased, it became impractical and uneconomical to connect all telephone subscribers in a large city to the same switchboard; impractical because the size of such a switchboard would be so great as to make the interconnection of two lines an unwieldly and slow procedure; uneconomical because of the relatively large amount of telephone lines which would be required to connect the more distant subscribers with the central office.

For these reasons, means of interconnecting switchboards within a city were devised whereby a telephone terminated on one switchboard can be connected to a telephone terminated on another switchboard in the same city over a telephone line or "interoffice trunk" terminating on each switchboard. The design and layout of the subscriber equipment and switchboard apparatus require careful consideration in determining the maximum economy which can be realized with proper balance between subscriber lines and interoffice trunks.

First Used Magneto Type

Until just after the turn of the century telephone switchboards were of the magneto type. With this type of switchboard it was necessary that each telephone instrument include a battery, and a separate ringing attachment for the purpose of signalling the operator. The development of the common battery switchboard marked a great step forward in the evolution of the telephone.

With the common battery type of switchboard the battery supply, which is necessary to the operation of a telephone, is centralized in the telephone exchange, thereby eliminating the necessity for individual batteries in each telephone set. Thus smaller and improved telephone instruments are made possible. Lifting of the receiver automatically signals the operator.

Ottawa Had No. 1

The first switchboard of this type to be used in Canada was installed in the Ottawa "Queen" office. It was placed in service on April 13, 1900. Common battery switchboards soon appeared all over the Dominion.

The automatic telephone exchange appeared first as a contemporary of the manual board of 1879. Its introduction at that time is known because there is on record a patent for a machine intended to fulfill the necessary functions of mechanical switching. Apparently, however, the time was not yet ripe, for there was no market for the system and it came to an abrupt end. The manual switchboards were simple and satisfactory and there was no need for more complicated apparatus.

Revolutionary Industry

Behind the invention of the famous "Strowger" automatic equipment lies an interesting human story. In 1889, there lived in Kansas City Dr. Almon B. Strowger, an undertaker. He mistakenly believed that telephone calls to his office were being switched to competitors. He vowed that he would invent a switchboard that would function without the intervention of operators.

His model was successful and operative, and, two years later, a patent was issued to him.

A company was organized to commercialize Strowger's invention. However, when automatic switchboards were connected to others in the United States, claims of patent interference arose, and it was impossible to carry on the work there. In 1892, representatives appeared in Canada. They formed separate companies in a few small towns and procured the necessary capital from would-be subscribers by selling shares. Among these towns were Terrebonne in Quebec, and Mitchell, Seaforth and Arnprior in Ontario.

Early Problems Difficult

In Terrebonne, a complete automatic system was erected and, for a few days, rendered indifferent service. Home-made aerial cable, badly insulated, was used; modern lead-covered cable was unobtainable. After a rain, this cable became water-soaked, disrupting telephone talk. The batteries used soon polarized. There was no efficient battery, as known today, on the market. It is not surprising, then, to learn that, after only a few days' existence, the poles and wires were removed, the exchange was abandoned, the representatives disappeared, and the invested capital of many worthy citizens was lost.

Edmonton Took Lead

Later, an improved Strowger mechanism was placed on exhibition in Toronto, and attracted favorable attention, but it was still lacking in many respects, and telephone companies hesitated to adopt it. Another experimentation period passed, and, as soon as the apparatus could be relied on for accurate and speedy performance, it took hold. Edmonton was the first city in Canada to adopt the "automatic" as standard equipment.

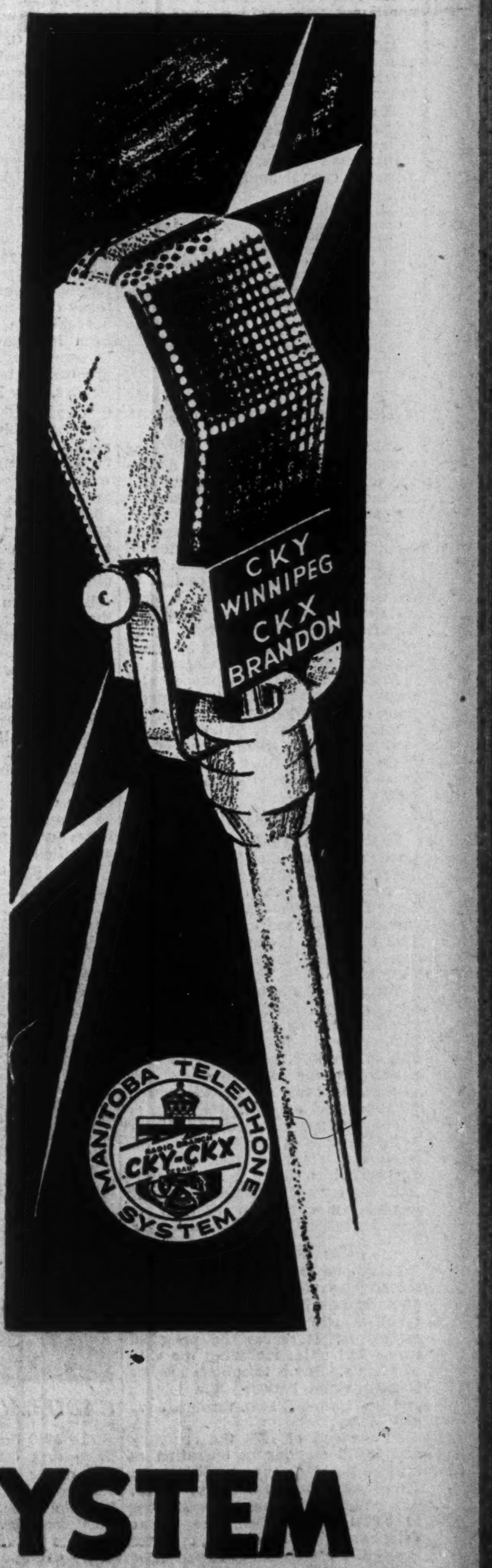
The Bell Telephone Company made exhaustive studies. Its first "step-by-step" dial office — Grover in Toronto — was placed in service in 1924. Since then 65 similar offices have been opened in the Bell territory.

In WINNIPEG or "NORTH of 53"

THE Northern mining district of Manitoba, world-famous as the country "North of 53", is served, with the rest of the Province, by the Manitoba Telephone System, which provides both urban and rural telephone service at the lowest rates in Canada.

Since it was acquired by the Government in 1908, the System has grown from 14,042 to 68,837 telephones. Today, it is not only modern and efficient in every respect but is entirely self-supporting, its revenues being sufficient to meet all charges without help from taxpayers. Long distance toll charges within the Province are the cheapest in Canada, and, through the lines of the Trans-Canada Telephone System, connections can be established quickly and clearly with any part of the world where telephone service exists.

● THE SYSTEM OWNS AND OPERATES TWO RADIO BROADCASTING STATIONS, CKY AT WINNIPEG, ONE OF CANADA'S MOST POWERFUL STATIONS, AND CKX AT BRANDON. TOGETHER, THESE STATIONS SERVE THE MAJORITY OF RADIO LISTENERS IN MANITOBA AND SURROUNDING TERRITORY.



MANITOBA TELEPHONE SYSTEM

Holding Companies

Canadians Have Indirect Interest In Empire of Associated Telephone

Canadian investment in telephone holding companies is largely confined to securities of Associated Telephone and Telegraph Co. and its affiliate, Anglo-Canadian Telephone Co.

Through these companies, Canadian investors have an indirect interest in telephone operating concerns in several countries and in large manufacturing concerns engaged in making telephone equipment.

Both of these companies have substantial investments in Canada.

Anglo-Canadian

Anglo-Canadian Telephone Co. is an investment organization which controls the principal telephone systems in British Columbia and the Dominican Republic through subsidiary companies. It also has a substantial interest in the Philippine Long Distance Telephone Co., and owns Canadian Telephone & Supplies Ltd.

While control is held by Associated Telephone and Telegraph Co. there is substantial investment interest in Anglo's securities.

Capital of the company consists of 82,600 shares of 5½% cumulative preferred, par value $50 each; 487,100 Class "A" shares, par value $10 each; and 200,000 deferred shares, par value $10 each.

Dividends are paid regularly on the preferred and Class "A" shares. No dividends have ever been paid on the deferred shares. The present dividend rate on Class "A" shares is 60 cents per annum.

Earnings Stable

In each of the past two years net profit of the company has been equivalent to 72 cents a share on the Class "A" stock. Indications are that earnings in the current year will be at about the same level.

Telephone systems controlled by the company were formerly the property of National Telephone and Telegraph Co., the assets and liabilities of which were acquired by Anglo-Canadian in 1934. Through its subsidiaries it controls over 150,000 telephone stations and serves a population of 3,500,000.

The company's principal investment is in the British Columbia Telephone Co. in which it owns 44,981 shares out of a total of 45,000. It also owns all the capital stock of Dominion Directory Co., North West Telephone Co., Chilliwack Telephone Co., Mission Telephone Co. and Canadian Telephones and Supplies Ltd. In addition, it owns all the share and loan capital of Compania Dominicana de Telefonos C. por A.

Sold More Preferred Recently

Anglo-Canadian also owns 77,000 of the 160,000 outstanding common shares of Telephone Securities Ltd. Recently it purchased most of the 5½% collateral trust notes of this company, of which there are $879,000 outstanding. It was to obtain funds with which to purchase these notes that Anglo-Canadian sold an additional $500,000 of preferred stock in August.

The principal investment of Telephone Securities is 35% of the capital stock of Philippine Long Distance Telephone Co.

The general balance sheet of Anglo-Canadian Telephone as at Dec. 31 last carried the company's investments, less reserves, at $10.6 millions. Working capital amounted to $516,037.

Directers — A. F. Adams, chm.; F. S. Spring, pres.; H. L. Gary, J. G. Crane, vice-pres., Kansas City, Mo.; Gordon Farrell, vice-pres., Vancouver, B.C.; Martin Lindsay, vice-pres., Chicago; P. W. Evans, San Marino, Cal.; Major R. L. Benson, Viscount Hinchingbrooke, M. A. Colefax, E. E. Evans, Sir Alexander Roger, London, Eng.; F. H. Woods, T. S. Gary, F. H. Woods, Jr., G. L. Grawols, Chicago; Hugh Mackay, Hon. G. W. Scott, J. C. Newman, Montreal; Emmett Swanson, Fort Wayne, Ind.
Sec.—E. G. Purdy.

Telephone Securities

Telephone Securities is a holding company which together with Anglo-Canadian Telephone Co. owns 35% of the Philippine Long Distance Telephone Co.

Actually, it is part of the telephone empire of Associated Telephone and Telegraph Co. Anglo-Canadian Telephone Co. together with certain of its wholly-owned subsidiaries owns all the capital stock of Telephone Securities. Anglo-Canadian Telephone in turn is controlled by Associated Telephone and Telegraph.

Anglo-Canadian Telephone also owns $500,000 of 5½% collateral trust notes of Telephone Securities.

Public interest in Telephone Securities is now small, most of its 5½% collateral trust notes having been acquired by the parent concern.

Philippine Long Distance

Through Anglo-Canadian Telephone and Associated Telephone and Telegraph, Canadian investors have an indirect interest in the Philippine Long Distance Telephone Co. Direct interest is confined to $950,000 of 6% first mortgage 15-year bonds which were sold in Canada in 1938 by W. C. Pitfield & Co.

Earnings of Philippine Long Distance are sufficient to cover interest requirements by a good margin. In fact, net profit after all charges was $378,337 in 1938, equivalent to $5.37 a share on the common stock. Net profit in 1937 totalled $300,674, equivalent to $4.26 a share.

The balance sheet of Philippine Long Distance at Dec. 31 last carried telephone plant at $4.9 millions against which there is a depreciation reserve of $874,000. Working capital amounted to $731,165 as against $326,636 in the previous year.

Has 28,579 Stations

Telephone service is furnished by the company throughout the Philippine Islands by means of its own facilities and those of connecting companies. It serves the principal towns and cities including the City of Manila. Radio telephone service is maintained between the Islands and the United States, Europe, Java and Malay.

At the end of 1938 the company had 28,579 stations in operation as against 26,651 in the previous year. There was also an increase of 117 in the number of connecting stations to 3,960. In addition, the Davao Telephone Co., a subsidiary, operates 284 stations at Davao and connects with 30.

Directors—A. F. Adams, chm.; H. L. Gary, pres., Kansas City, Mo.; Martin Lindsay, vice-pres., Chicago; F. S. Spring, treas., Kansas City, Mo.; Major R. L. Benson, London, Eng.; Hugh Mackay, Montreal; T. S. Gary, Chicago.
Sec.—Geoffrey Purdy.

Associated Telephone

Canadians have a substantial investment interest in Associated Telephone and Telegraph Co., a holding company with telephone and manufacturing interests, not only in Canada, but in the United States and other parts of the world.

Directly or indirectly, the company controls telephone operating concerns, telephone equipment manufacturing firms and companies doing a related business.

Through subsidiaries it provides telephone service in British Columbia, Dominion Republic, Colombia and the Philippine Islands. It operates equipment manufacturing companies in Chicago, Ill.; Montreal, Que., Brockville, Ont.; and Antwerp, Belgium. Distributing companies are operated in United States, Canada, Italy, Japan, China and Australia.

Controls B. C. Telephone

The principal investment of Associated Telephone in Canada is British Columbia Telephone Co., control of which is held through Anglo-Canadian Telephone Co. The equipment company in Canada is Phillips Electrical Works and the sales company, Canadian Telephones & Supplies Ltd.

Canadians have investment interest in securities of the parent concern as well as securities of its Canadian affiliates. Its outstanding capital consists of $12,021,000 of 5½% debentures; $3,296,700 of 7% first preferred stock, par value $100 a share; 47,194 shares of $6 preferred stock; 23,876 shares of $4 preferred stock; 101,431 shares of Class "A" stock; and 1,038,308 shares of common stock.

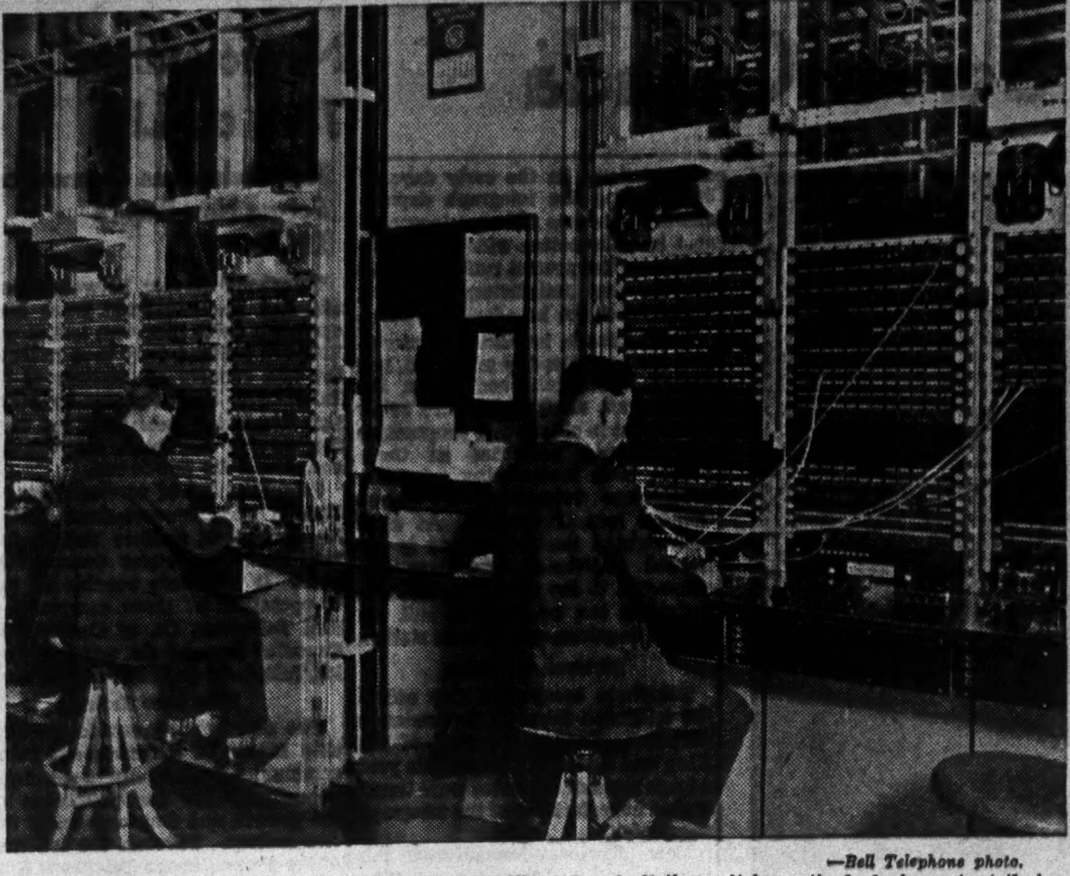
Interest Earned

Debenture interest has been earned every year except 1932. However, in only one of the past seven years have earnings been sufficient to cover the dividend on the first preferred, that being in 1937. In 1938 the company earned $3.19 a share on the first preferred as against $7.07 in the previous year.

During 1938 the company paid dividends of $1.47 a share on the 7% preferred and $1.26 a share on the $6 preferred. This compares with $4.41 and $3.78 respectively in 1937. Including a payment to be made Nov. 15, dividends this year will total $1.96 a share of the 7% preferred and $1.68 a share on the $6 preferred.

Arrears of dividends total $43.89 a share on the 7% preferred; $37.62 on the $6 preferred; $31 a share on the $4 preferred; and $31 a share on the Class "A" stock.

Directors—E. C. Blomeyer, chm., Chicago; F. S. Spring, pres.; Theodore Gary, A. F. Adams, T. S. Gary, Kansas City, Mo.; Rene Pleven, France; Martin Lindsay, vice-pres.; H. C. Woods, H. L. Gary, F. H. Woods, Jr., Thomas C. Woods, Chicago; Gordon Farrell, Vancouver; G. L. Grawols, W. F. Benoist, treas.; P. W. Conrad, J. G. Crane, vice-pres.
Sec.—A. L. Funke.
Executive Committee—A. F. Adams, chm.; E. C. Blomeyer, J. G. Crane, H. L. Gary, Martin Lindsay, F. S. Spring, F. H. Woods, Jr.



—Bell Telephone photo.

In maintaining long distance telephone service efficiently at all times, it is particularly important that defects or breakdowns be located and rectified as rapidly as possible. This is facilitated by test boards such as the one pictured above, in the Montreal toll office of Bell Telephone Co., which can locate sources of trouble within a margin of a few feet on miles of long distance lines.

New Zealand Achieves Edge Over Canada in 'Phone Total

Canadians continue to lead the world as the greatest telephone talkers but have yielded second place to New Zealand in the matter of the number of telephones per 100 of population, according to the most recent figures on world-wide telephone development and usage. Data released by the American Telephone and Telegraph Co. bring the record to Jan. 1, 1938.

For some years Canada has ranked first in the number of yearly conversations per capita. With 236.0 for 1937 compared with 222.4 of the year previous, this lead in talking by telephone is well maintained.

Canada's nearest contender for this honor is the United States which reports 220.2 conversations for the average man, women, and child during the year.

Next in order come Denmark with 182.6, Sweden with 170.5, and Norway with 101.1. The people of Great Britain (and Northern Ireland) apparently do not use the telephone to the same extent as the people in North America, for the former have in one year only 46.4 conversations per capita, but even then it is sufficient to lead Germany, which with 40.1 is ranked far down the list.

New Zealand has at last wrested from Canada the coveted position of being second to the United States in point of view of telephone development. These two Dominions have vied with each other over a long period with Canada generally holding a slight advantage, but now New Zealand reports 11.97 telephones per hundred of population compared with Canada's 11.90.

United States is well to the fore with 15.09 while listed among the first five countries are to be found Sweden with 11.75, Denmark with 11.25 and Switzerland with 10.26. The average figure for the world is 1.79 which indicates there are not quite two telephones for every hundred people in the world.

Figures for the larger communities reveal that Vancouver leads Canadian cities with 26.37 telephones per 100 population and is listed tenth among 95 of the world's leading cities. Toronto with 26.27 ranks second in Canada and eleventh in the world. Washington, D.C., leads with 38.82 followed by San Francisco with 37.17 and Stockholm with 36.08.

It is interesting to note that the continent of North America with 21,050,000 telephones has over half the instruments in the world, and that the City of New York with over 1,623,000 telephones has more than the combined total of Russia, China, and British India in which countries can be found approximately one half the world's population.

Telephone Used Most in Canada

Canadians have a special right to be interested in the telephone. It was invented in Canada. The specifications for its patent were written here. The first successful test over miles of wire was made here. The first exchange in the British Empire was set up here.

Today, Canada has slightly under 12 telephones to every 100 people, a development exceeded only by the United States and New Zealand. Morever, Canadians make more telephone calls per capita than the people of any other land.

Long Distance Time Cut to Seconds

Back in 1925 a long distance call was an achievement for it took an average of 7.6 minutes to establish connections.

Following is the 14-year record of service:

1925	7.6	minutes
1926	7.7	"
1927	5.8	"
1928	3.9	"
1929	3.4	"
1930	2.0	"
1931	2.0	"
1932	83	seconds
1933	78	"
1934	78	"
1935-39	78	"

Government Will Supervise War Charity Organizations

Strict regulations affecting all bodies engaged in charitable work for war purposes and affecting many different types of business co-operating in the war effort have been laid down by the Dominion Government. As outlined in a comprehensive booklet by the King's Printer, they bar telephone canvassing.

The act relating to war charities, passed Sept. 13, 1939, decrees that no war charity can appeal for funds without registering with the Government. The terms upon which war charity will be permitted to operate are broad but at the same time calculated to prevent exploitation of the public and unnecessary overlapping of effort.

Registration may be granted upon the satisfaction of the Secretary of State that adequate provision has been made for control of the funds; existing effort is not being duplicated; that the application for registration is made in good faith.

The Government is to keep a register of all war charities which will set forth the opening and closing dates of the fund's operation; the name of the association or group under whose auspices the fund is to be raised; and the name of the officers authorized (in writing) to permit soliciting for the fund.

The act also specifies that proper account books are to be kept showing the total receipts and total expenditures of any collection, bazaar, sales, entertainment held for the purpose of raising funds and that the accounts are to be audited and copies sent to the Minister.

All money received by the war charity fund is to be paid into a separate account in the banks specified in the registration particulars.

The official outline of the Act's provision says:

"The registration of any war charity fund shall be subject to termination by the Government whenever in its discretion it may be considered that effective co-ordination of public subscription for the relief of suffering or distress, whether connected with the war or otherwise, renders such termination desirable in the public interest.

"The act provides that the Government may appoint a 'charity co-ordination board' which will take over all funds and other assets of any war charity funds which have been terminated. This Board will look after the distribution and disposition of such remaining funds.

"If the Government is not satisfied that a fund is being carried on in good faith, is not complying with all conditions imposed by the Act, or is not being properly administered it may terminate registration of the fund and publicly announce such action.

For a small fee full details regarding any or all registered war charity funds can be secured from Ottawa. Registrations must be renewed after one year.

"Every fund which collects money by special projects such as carnivals, bazaars, shows, exhibitions or other entertainment, or under any contract or arrangement whereby the fund is to obtain a percentage or proportion of any receipts, must submit a fully itemized statement of gross receipts and expenditures within one month following the date of the event.

"Registration will not be granted to any fund which proposes to make collections under a contract or arrangement whereby an organization or a person is to receive remuneration based on a percentage or other scale dependent upon the amount of contributions collected by such organization.

"Nor will registration be granted to any fund which makes or proposes to make any commercial contract for collection by telephone communication whether by soliciting for the sale of tickets, coupons, advertising contracts or otherwise.

Where funds collected in the year total less than $500, auditing by certified accountants is not required, the certification of two non-professional persons being accepted upon the swearing of their affidavits.

Municipal But Co-operative

Of the 132 municipal telephone systems in Ontario, only 11 are the property of municipalities. The other 121 so-called municipal systems were constructed by groups of persons to supply service to the members but financed by the municipality.

CADILLACS HAVE "CUSTOM INTERIORS" —

The 1940 line of Cadillac and LaSalle cars offered in the medium and upper price brackets includes two new series in the shape of the LaSalle Special and the Cadillac Fleetwood Seventy-two. Features of all lines include more roomy bodies, easier control of operation, and further development of streamlining design. All models are fitted with the new sealed beam headlights, directional turn indicators and other features that contribute to the safe convenience of driving. Running boards are optional on all but one series of models. Special feature is offered in "custom interiors," in which upholstery may be matched with the color of the dash panel, control knobs and interior moldings.

WORLD WIDE WIRELESS via Marconi

TRANS - OCEANIC TELEGRAPH AND TELEPHONE SERVICES

The Canadian Marconi Company furnishes the only Radiotelegraph service connecting Canada directly with all parts of the overseas world. High speed transmitters and multiple wavelength operation together with diversity reception, insure that overseas messages marked "Via Marconi" and filed at any Canadian Pacific Telegraph office will reach their destination with utmost speed and accuracy. The Canadian Marconi Company also operates a Radiotelephone service with Newfoundland and the United Kingdom, thence to all parts of the world.

POINT TO POINT COMMUNICATION SERVICES

Radiotelephony is an economical, flexible and reliable means of communication between camps and towns not connected by wire services. Marconi radio systems are also replacing wire services between points located in areas where maintenance of overhead wires is difficult, as is frequently the case in winter.

SHIP TO SHORE TELEPHONE SERVICE

Several hundred Canadian ships are equipped with Marconi marine type transmitters, receivers, direction finders and depth sounders. Most of the radio stations dotting our coasts also use Marconi apparatus and are operated by Marconi trained operators. More than twenty-five Marconi radio beacons and numerous direction finding stations guide shipping in Canadian waters and contribute an essential requisite to safe and efficient navigation.

MANUFACTURERS OF TRANSMITTING AND RECEIVING APPARATUS FOR ALL TYPES OF RADIO COMMUNICATION SERVICES

CANADIAN MARCONI COMPANY
MARCONI BUILDING, MONTREAL
Vancouver Winnipeg Toronto Halifax St. John's, Nfld.

MARCONI.. The Greatest Name in Radio

SPEED your Evening—and Sunday—Messages for ¼ the Cost!

New, fast evening and Sunday telegraph service rates applicable between offices in Canada enable you to enjoy the speed, convenience and attention-gripping advantages of telegraph service for less than ever before!

Messages will be accepted at any time for transmission and delivery immediately after 7 p.m. or at any time Sunday.

40 words for the price of a ten-word day message!

50% reduction for immediate prepaid reply!

Take Advantage of Special Low Rates for BIRTHDAY GREETINGS!

20c to any address within free delivery limits in your own city or town.
25c between points in Eastern Canada.
40c to anywhere in Western Canada or the United States.
25c between points in Western Canada.
40c from Western Canada to Eastern Canada or the United States.

CANADIAN PACIFIC Telegraphs CANADIAN NATIONAL
FOR SPEED AND ECONOMY

Equipment Firms Aid Operators

Practically all Requirements for Supplies Made in Canada

Equipment required for operation of Canada's communication systems is largely supplied by manufacturing firms within the Dominion. Some of the highly specialized equipment is imported from other countries, particularly the United States, while before the war some standard types of equipment were brought in from Germany. But generally speaking, this country is able to meet her own requirements. These cover a wide field — wires, cables, switchboards, vacuum tubes, instruments, and the thousand and one other items required for the modern communication system.

Northern Electric

Northern Electric Co., the largest manufacturer of telephone and sound equipment in Canada, has no securities in the hands of the public. There is, however, an indirect investment interest since the Bell Telephone Co. of Canada owns 51% of its common stock.

Western Electric Co., subsidiary of American Telephone and Telegraph Co., also has a substantial interest in the company, owning 44% of its common stock.

Through Northern Electric Co., the Bell Telephone Co. has direct control of its supply of both apparatus and cable. This enables it not only to secure equipment at fair prices, but also ensures a constant standard of apparatus.

Bell Telephone Benefits

There are other benefits besides dividends arising out of the relationship between Bell Telephone Co., and Northern Electric. Bell Telephone has a contract with its subsidiary stipulating that prices of the parent company pays for equipment will be as low as, or lower than, the lowest prices paid by other customers for equipment.

Northern Electric also acts as purchasing agent for Bell Telephone in buying other types of equipment. In this capacity it renders an important service in maintaining a distributing system which permits the rapid delivery of supplies and equipment as needed.

The company manufactures a wide range of equipment and products in addition to telephone apparatus. It makes radio receiving and transmitting sets and sound recording, talking motion picture, telegraph, train dispatching, fire alarm, traffic and police signalling, and power equipment, and a wide range of wire and cable. It also acts as selling agent for a wide range of allied products not made in its own plant.

Northern Electric Co. began as a small factory branch of the Bell Telephone Co. When the latter company was formed in 1880 one of the problems was to secure good equipment. There were no companies in Canada manufacturing telephone equipment and for that reason the Bell Telephone Co. set up its own factory and repair shop.

For a number of years only telephone equipment was manufactured, but production costs were high. Demand was not sufficient to keep operations of the factory branch on a full-time basis. For this reason it was decided to embark on the manufacture of other products. With this in view, the Northern Electric and Manufacturing Co. was formed in 1895.

Western Electric Becomes Partner

Manufacture of other products reduced costs, but there were still difficulties. The telephone was in a constant state of change. Factory planning and methods were, therefore, vital factors. The outstanding leader in the telephone equipment field was Western Electric Co., manufacturing subsidiary of American Telephone and Telegraph Co. For this reason the Bell Telephone Co. decided to secure Western Electric as a partner in the manufacturing business.

This was accomplished in 1906, Bell Telephone selling a minority interest in its manufacturing subsidiary to Western Electric. Bell Telephone since 1899 had also controlled the Imperial Wire and Cable Co. and in 1914 this concern was merged with Northern Electric and Manufacturing Co. to form the present Northern Electric Co.

Since 1914 there has been a sharp increase in the amount of money invested in Northern Electric Co. A good deal of this has come from surplus earnings of the company which have been put back into the business instead of being distributed to shareholders.

Phillips Electrical Works

Public interest in Phillips Electrical Works Ltd. is confined to its 5% first mortgage bonds of which there are $1.3 million outstanding. More than 80% of the share capital of the company is held by Associated Telephone and Telegraph Co.

Bonds of the company are well secured both as to assets and earnings. Average annual earnings over the past three years have been equal to over 4.22 times bond interest requirements before depreciation and 2.74 times after depreciation. Earnings available for bond interest after depreciation amounted to $174,173 in 1938 as compared with $190,819 in 1937.

Fixed assets were carried in the balance sheet at Dec. 31 last at slightly over $3 millions. After deducting depreciation reserve of $981,212, depreciated fixed assets amounted to $2 millions. Working capital amounted to $1.7 million so that total depreciated fixed assets and net current assets had a value of $3.7 millions.

—Bell Telephone photo.

Splicing a hundred strand telephone cable is no job for the novice.

Modernizes Plant

Early this year the company undertook modernization and extension of its plant at Montreal for the manufacture of power cable and telephone cable. Cost of this was estimated at $500,000, of which $300,000 was provided through the sale of bonds.

Incorporated in 1917 to acquire the assets and undertakings of Eugene F. Phillips Electrical Works, the company is one of the oldest and largest Canadian manufacturers engaged in the fabrication of copper rods, shapes and electrical wire and cable used principally in the electric power and telephone industry. It also makes telephone instruments and switching equipment.

At Brockville, Ont., it operates a copper rolling mill for the manufacture of copper rods, flats and shapes, and a plant for the drawing and manufacture of wire products. Its telephone equipment plant is also located there. The power and telephone cable plant is at Montreal.

Through Associated Telephone and Telegraph Co., Phillips Electrical Works has the advantage of close collaboration on technical matters with the engineering and manufacturing staff of Automatic Electric Co., one of the leading telephone manufacturing companies in the world.

Marketing and distribution of Phillips Electrical products is carried out by an associated company, Canadian Telephones and Supplies Ltd., a subsidiary of Anglo-Canadian Telephone Co.

Principal market for Phillips telephone products are the numerous independent (non-Bell) companies throughout Canada. The various companies controlled by Associated Telephone and Telegraph Co. through Anglo-Canadian Telephone Co. are also an important market. The most important of these is the British Columbia Telephone Co.

The company does considerable business in meeting the needs of industrial and commercial concerns for inter-office or plant communicating systems, protective equipment, substation accessories and miscellaneous communication supplies.

Directors—T. W. Brackinreid, pres.; Brockville, Ont.; F. N. Phillips, vice-pres., Providence, R.I. W. F. Benoist, vice-pres.; A. F. Adams, J. W. Shipman, Chicago; J. J. Creelman, J. B. McCarthy, A. S. Torrey, Montreal; Lawford Grant, Brockville; F. S. Spring, Kansas City, Mo.
Sec.-treas.—J. C. Mace.

Canadian Marconi

Radio-telephone business of Canadian Marconi Co. has been adversely affected by the war. Services between Canada and Newfoundland and Great Britain, which are operated in collaboration with the Bell Telephone Co., have been suspended.

Suspension of these services is having an adverse effect upon earnings but it is impossible to make an accurate forecast of what final results for the year will be. The decline in earnings from this source is likely to be offset by increased radio sales and installation of wireless equipment for military purposes. Wireless telegraph business has also increased.

Activities of the company include the operation of wireless telephone and telegraph services, and the manufacture of broadcast transmitters, radio-telephone and telegraph receivers; transmitters and receivers for marine, land and aircraft use; radio direction finding equipment and Marconiphone broadcast receivers and transmitters. On the eastern coast of Labrador and Newfoundland it has 30 land wireless stations. In collaboration with the Department of Transport it operates a radio-telephone service for ships on the Great Lakes.

Capital of Canadian Marconi consists of 4,554,682 shares of common stock, par value $1 each. Control of the company is held by Cable and Wireless Ltd. of London, Eng., through Canmar Investment Co. The latter concern holds 2,300,000 shares of Canadian Marconi.

The earnings record of the company cannot be said to be impressive. In 1938 the company earned six cents a share or 6% on its common stock. This compares with 5% in 1937.

The balance sheet as at Dec. 31, 1938, showed total assets of $5.5 millions. Patents and patent rights are carried at $1.9 million and land, buildings and equipment, after depreciation, at $1.4 million. Current assets amount to $1,920,343 and current liabilities to $188,214, leaving working capital of $1,732,129.

Directors—A. H. Ginman, pres.; Dr. M. L. Hersey and J. A. Boyd, vice-pres., Montreal; A. E. Dyment, Toronto; G. W. MacDougall, H. J. Symington, D. C. Coleman, Montreal.
Sec.—James Fergus. Gen. mgr.—R. M. Brophy.

Canada Wire & Cable

Earnings of Canada Wire & Cable Co. in the first half of the current year were somewhat below the corresponding period of 1938. Net profit for the period amounted to $154,638 as compared with $168,743 in the first six months of 1938.

In the early part of the third quarter, business of the company improved and expectations are the second half of the year will show better results, according to H. Horsfall, president.

Earnings declined sharply in 1938, net profit amounting to $462,655 as compared with $794,252 in 1937.

Capital of the company consists of 28,741 shares 6½% cumulative preferred stock, par value $100 each; 29,669 Class "A" shares; and 150,662 Class "B" shares.

Improves Position

In recent years the company has greatly improved its position. Expansion of earnings has enabled it to pay off preferred dividend arrears and dividends on the Class "A" and "B" shares were resumed this year. Dividends totalling $4 a share are to be paid on the Class "A" shares this year and 25 cents a share was paid on the Class "B" stock on March 15.

Investment in land, plant and equipment, after deducting depreciation of $1.5 million, amounted to $2.1 millions at Dec. 31 last. Working capital totalled $3 millions.

Copper wire and cables of all types from the finest enamel wire to the heaviest underground and aerial cables are manufactured by the company. In addition it makes steel wire rope and cables, brass fittings and copper pipe.

Noranda Mines and General Cable Corp. of New York, both hold a substantial interest in the company.

Directors—Herbert Horsfall, pres. & ma dir.; W. H. Marsh, vice-pres.; J. Y. Mu doch, J. R. Bradfield, Toronto; J. Aird, L. H. Timmins, P. A. Thomsc Montreal; D. R. G. Palmer, C. R. My P. D. Rensenhouse, New York.
Treas. & compt.—J. E. McCallum. Sec.—A. I. Simmons. Asst. sec. & asst. treas.—P. G. Turner.

Many Countries Make a Telephone

The telephone has developed into such a commonplace article in everyday life that few users ever give any consideration to its make-up. Materials that are combined in the making of an instrument are not only numerous in number but are drawn from many parts of the world. A partial list of the principal materials and the countries from which they are secured follows:

Canada—Copper, silver, nickel and gold.

United States—Iron, coal, aluminum and cotton.

India—Mica.
China—Silk.
Russia—Platinum.
Sweden—Flax.
Trinidad—Asphalt.
Australia—Wool.

Trans-Canada Telephones

Co-operative Effort Enables Halifax To Talk With West Coast

The Trans-Canada Telephone System, providing long distance telephone service from Halifax to Vancouver, is a co-operative enterprise.

Partners in the enterprise are the seven major telephone systems in the Dominion, serving the principal towns and cities of the nine provinces. These are: the three government-owned systems of Alberta, Saskatchewan and Manitoba; British Columbia Telephone Co.; Bell Telephone Co.; New Brunswick Telephone Co.; and the Maritime Telegraph and Telephone Co.

Establishment of the Trans-Canada Telephone System followed many years of investigation. By the beginning of 1929 circuits were available between each of the adjacent provinces and worked satisfactory for that purpose. It was not possible, however, to utilize them for a Trans-Canada service. A connection between Halifax and Vancouver would have required seven switches, and the type of facilities used was not satisfactory.

Work Started In 1930

Work on the Trans-Canada System started in 1930. Among other things, it was necessary to completely rebuild more than 2,000 miles of line and to add pole lines in other sections.

Trans-Canada circuits are so designed now that a call from Halifax to Vancouver requires only two switches. Such a call traverses over 4,200 miles of line.

It is well known that a current travelling along a telephone circuit diminishes in value. Unless some means is used to bring current back to its original value, it is impossible, in the case of long circuits, to hear the voice at the receiving end. To overcome this the Trans-Canada System uses repeaters at 22 points between Halifax and Vancouver to bring the voice current back to its original volume.

Ready For Emergencies

Because the length of the circuits in the Trans-Canada System the possibility of line trouble and interruption of service due to weather conditions is great. Constant attention must be given. Standby facilities are available to which the regular circuits may be switched in time of trouble.

Management of the Trans-Canada System is provided by a committee composed of a representative from each of the seven organizations participating. This committee has access to the data pertaining to all branches of telephone operation. It acts as a clearing house which receives reports of Trans-Canada revenues and sees that it is properly apportioned between the seven systems. This eliminates the necessity of each system having to settle with all other systems.

One of the marvels of the system to the average user of the telephone is the speed with which connections are made. A call from Halifax to Vancouver can be completed in a minute or two. Voice currents travel from Halifax to Vancouver in about one thirtieth of a second.

Tax $4 Per Telephone

Taxes paid by the Bell Telephone Co. of Canada continued to increase during 1938, reaching a total of $3,-)02,984, or $42,584 more than for the previous year. Based on average number of stations in service, this meant that the company paid out approximately $4 in taxes on each telephone during 1938.

Radio-telephone Spans Big Gaps

Service Provided to Outlying Sections of Canada

Radio-telephony plays an important part in Canada's communications industry.

Through the Dominion, there are numerous radio-telephone circuits providing communication with outlying sections. For instance, many mining areas in northern Quebec, Ontario, Saskatchewan, Alberta, Yukon and North West Territories, as well as interior of British Columbia, have their only direct contact with the outside world through radio-telephone.

Another important service is that operated between the north and south shores of the St. Lawrence River, below Quebec, by the Quebec Telephone and Power Co. and the Canadian Marconi Co. Radio-telephone is also used to conquer the isolation of Baie Comeau, where the large pulp and paper mill of Quebec North Shore Paper Co. is located.

Ship-to-Shore Service

It is an important factor in the operation of steamships on the Great Lakes. For years, most of the ships on the Great Lakes have been equipped with wireless apparatus. In recent years, however, a great many have changed over to radio-telephone.

Ship-to-shore radio-telephone service on the Great Lakes was established in 1937 by the Canadian Marconi Co. in collaboration with the Transport Department of the Dominion Government. There are ultra-modern, high-power radio-telephone installations at Port Arthur, Sault Ste. Marie, Midland, Port Edward, Port Burwell, Toronto and Kingston, providing complete radio-phone ship-to-shore service through the entire length of the Great Lakes.

Most of the equipment used in radio-telephone circuits in Canada is designed and manufactured by Canadian Marconi Co.

Radio-telephone service also plays an important part in aircraft communication. For instance, planes of Trans-Canada Air Lines keep in touch with their bases by radio-telephone. By this means, pilots of the planes are furnished with vital information regarding weather conditions and landing facilities.

Longest Voice Channel

The longest direct voice channel in the British Empire is that from Toronto to Calgary on the trans-Canada line. It is 2,200 miles in extent.

That You May Talk To Anyone, Anywhere!

There are seven major telephone systems in Canada, each serving its own particular area. Linking these systems in one unbroken circuit from coast to coast, are the lines of the Trans-Canada Telephone System. They extend 4260 miles from Halifax to Vancouver and make available to every telephone subscriber in the Dominion a low-cost long distance telephone service that is both dependable and swift.

The Trans-Canada Telephone System is wholly Canadian — truly an "All-Empire" route. In addition to providing internal telephone communication, it links the Dominion with the Motherland, with every part of the world where telephones exist and with many ships at sea — Canadians have a right to be proud of the Trans-Canada Telephone System.

TRANS-CANADA TELEPHONE SYSTEM

THE TRANS-CANADA TELEPHONE SYSTEM
is comprised of
THE MARITIME TELEGRAPH AND TELEPHONE COMPANY
THE NEW BRUNSWICK TELEPHONE COMPANY
THE BELL TELEPHONE COMPANY OF CANADA
THE MANITOBA TELEPHONE SYSTEM
THE DEPARTMENT OF TELEPHONES, SASKATCHEWAN
THE ALBERTA GOVERNMENT TELEPHONES
THE BRITISH COLUMBIA TELEPHONE COMPANY

THE TRANS-CANADA TELEPHONE SYSTEM

Link With Outside World

Ontario Provides Communication For Western Mining Areas

Northwestern Ontario mining districts now have practically all the facilities common to large urban centres. This follows the recent completion of the permanent radio communication system linking these points with civilization.

This system, operated by the Ontario Department of Lands and Forests, was installed and is maintained by the Canadian Marconi Co. and provides complete radio-telephone and radio-telegraph facilities for the northwestern portion of Ontario.

Four Central Stations

Four central stations, at Kenora, Sioux Lookout, Red Lake and Pickle Lake, provide a network serving these areas. Each station utilizes separate high-powered transmitters and "fixed tune" receivers for public telephone, telegraph and aircraft communication, while a fourth transmitter provides telephone service to privately-operated stations in the vicinity.

At Kenora and Sioux Lookout, connection to the landline telephone system is provided so that a telephone subscriber in Red Lake, for instance, or a radio-equipped mining camp, may talk directly with a telephone subscriber in Toronto, Winnipeg, Montreal or Buenos Aires.

All Services Independent

All these services are independent of each other and may be in simultaneous operation without interference. Each service makes use of a number of radio channels so that operation may be maintained at all times.

All telephone conversations passing between the central stations are "scrambled" so that the speech is quite unintelligible to anyone who tunes in on these stations.

One of the most valuable features of the system is the provision for linking up with privately-owned stations in the surrounding territory. The extension of the telephone system to privately-operated stations is providing a boon to an increasing number of isolated mines and camps.

Aircraft Connections

The arrangements for communication with aircraft are unique in that each of the several aircraft operating companies may make use of the same equipment. Identical equipment exists at each of the four stations and consists of a high-powered radiophone transmitter and a special "fixed tune" receiver that remains in operation continuously to pick up calls from any plane in the district. When a call is received, it is transmitted along a telephone line to each of the subscribing companies' offices, where it is heard through a loudspeaker. The company whose plane is calling immediately asks the local telephone operator for connections to the radio transmitter and is then enabled to talk directly to the plane by speaking into the telephone.

Voice Amplifier Makes Possible Long Distance Telephone Call

More energy would be required than is produced by the heat of the sun to transmit the human voice across Canada if it were not for repeaters.

Early in the development of telephone communication, the need for some device which would extend the range of the voice was apparent, and various attempts were made to produce suitable amplifying apparatus to revivify the feeble voice range.

Fifty years ago E. H. Lyons, of the American Bell, made up a one-way amplifier for telephone current, but it was not of great use. In 1902 Elbert Grissinger solved the problem of a two-way amplifier. However, the device of a combined receiver and transmitter was a crude and undesirable makeshift.

Vacuum Tube Remedy

One year later the American engineer Shreeve devised a mechanical amplifier which was put into use between Boston and Amesbury. Trouble was encountered by the packing of the carbon. A really satisfactory arrangement for amplifying purposes was not available until after the discovery of the three-electrode vacuum tube by DeForest in 1906.

The forerunner of the present repeater, using vacuum tubes, was introduced in 1914 and inaugurated coast-to-coast telephony between New York and San Francisco. The first installation in Canada was at Kingston in 1916.

Every long distance line has its repeaters, placed at regular intervals. They are housed in either the long distance building or in special repeater stations. The vacuum tube amplifiers receive the weakened voice currents and send them under way with renewed vigor.

55,000 Interviews Reduce Busy Buzz

A telephone subscriber is not the only one concerned with busy signals. The Bell Telephone Company of Canada, for example, maintains as part of its sales organization, about 159 representatives in all the cities in its territory. These men make approximately 55,000 interviews with businessmen, visiting each firm at least once a year, in order to see that the firm's telephone equipment is adequate for its volume of business.

There are over 250 different types of equipment and service suitable for various business needs.

Making One Do Work of 12

Carrier System is the "Radio" of the Telephone Line

Since inauguration of service over the Trans-Canada Telephone system many improvements have been made in the circuit layouts. In December, 1937 the longest direct wire voice channel in the British Empire was placed in service between Toronto and Calgary—a distance of 2,200 miles.

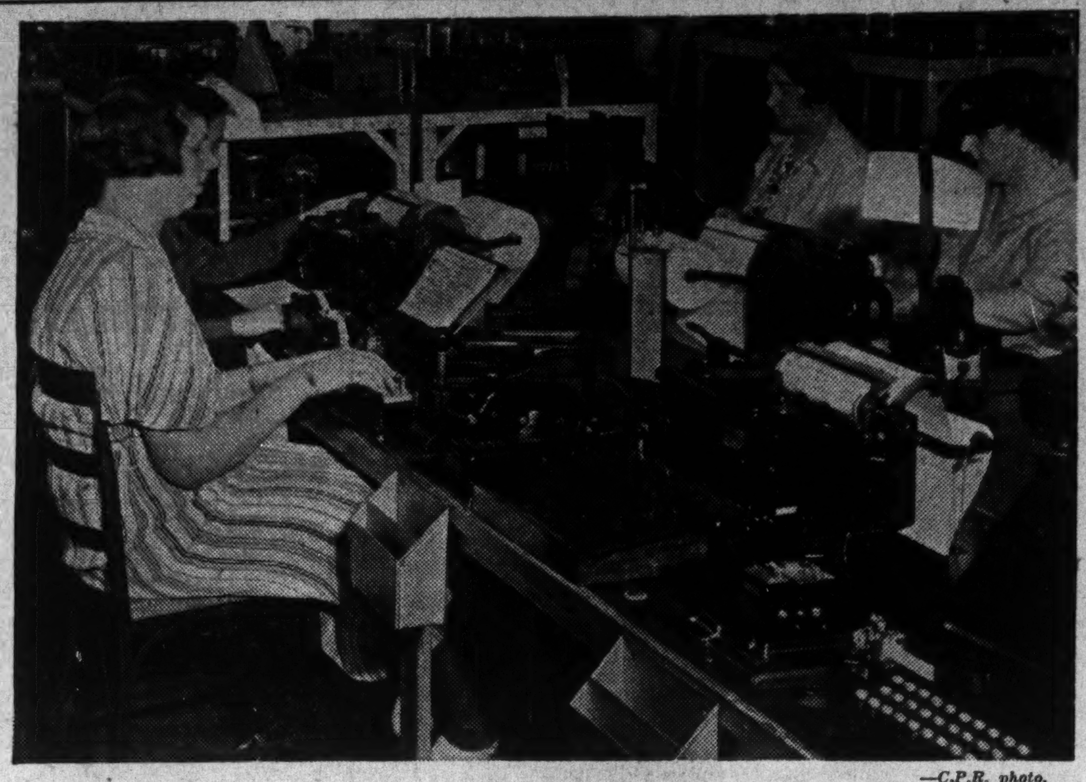
The make-up and route of this long direct circuit is interesting. From Toronto it travels through cable to Oshawa where it connects with a carrier system going to Sudbury via North Bay. Here it joins the physical circuit to Winnipeg on which carrier is also superimposed. From Winnipeg a carrier system takes it through Regina to Calgary.

The carrier system is a method of providing one or more telephone channels over a pair of wires already being employed in a conversation. As many as 12 telephone conversations can be carried on simultaneously over one pair of wires by this method. In addition several telegraph circuits can be provided over the same circuit.

The carrier system is practical only on long distance lines where it would cost more to build several wire lines than to use the intricate terminal apparatus necessary for providing several telephone circuits over one wire.

Carrier works on the same principle as radio broadcasting except that the messages are guided along a wire instead of being radiated into space. More than one call at one time is made possible by using a different frequency for each message.

At the end of the wire is an apparatus that performs a duty comparable with that performed by the knob on a radio—it filters or separates the electrical waves or voice impulses which speed along the wire vibrating at different frequencies. This is like tuning a radio set to a certain frequency and separating a desired radio station from the many others broadcasting at the same time.



—C.P.R. photo.

Development of the automatic telegraph printer, which reproduces at distant points messages punched out on keyboards at the sending station, added tremendously to the efficiency and volume of telegraph transmission facilities. Photo shows Canadian Pacific Telegraphs operators at work.

New Books . . . . .

Cost of Distribution

DOES DISTRIBUTION COST TOO MUCH Factual findings by Paul W. Stewart and J. Frederic Dewhurst, assisted by Louise Field. With a programme by The Committee on Distribution, Willard L. Thorp, chairman. Published by the Twentieth Century Fund, New York. Price $3.50.

This book is a product of a survey made by the Twentieth Century Fund, of New York.

The chief single fact to emerge is that it costs considerably more on the average to distribute goods than it does to make them. Researchers found that of every $1 spent by the consumer, about 59 cents goes for distribution and only 41 cents for production.

On a dollars and cents basis, then, distribution occupies a larger and more important area of the economy than production. This fact in itself furnishes a basis for the entire study, which goes on to look at the distribution system as a whole, to find out what changes have taken place in recent times and to examine the efficiency of its various working parts.

After its examination of the distribution system as a whole, the research staff turned over its factual findings to the Twentieth Century Fund's Committee on Distribution. On the basis of the facts uncovered, the Committee then attempts to answer the question "Does Distribution Cost Too Much?" and to make recommendations for greater efficiency.

The Committee concludes that the answer to the basic question is "yes," but it adds that the reason for excessive distribution costs does not lie in the realm of generally high profits.

The recommendations are numerous. This one is of particular interest:

"The immediate repeal of all laws which are designed merely to preserve, or to destroy, some special group in the distribution structure, without regard for the general public interest."

The outstanding illustration of this type of legislation is the chain store tax law, in most cases unjustifiable on economic grounds.

The study is as thorough as to defy brief summary, and is certain greatly to influence informed opinion on the manifold phases of distribution.

Handbook of Law

CIVIL CODE OF LOWER CANADA. By E. Howard Cliff, of the Montreal Bar. Published by Wilson & Lafleur Ltd., Montreal. Price $6.50.

This 1939 edition of the Civil Code includes amendments effected by Imperial, Federal and Provincial legislation, up to and including the 4th session of the Quebec Legislature. It also gives space to the Federal Bills of Exchange Act as amended to date. The 772 pages in this handbook (it measures 6 x 4½) covers every phase of the Civil Code in effect in Quebec. The book is designed primarily as a ready reference for the lawyer or notary and while legal terminology is of necessity used, the material is readily understandable by the layman. Such a book will be used largely by members of the Quebec legal profession but it also could be used with great advantage by the business firms in the province or one having dealings in Quebec. Quebec's Civil Code differs very widely from that in force in other provinces and even a casual reading of Mr. Cliff's work would repay the reader many times over. The book is well indexed.

Newfoundland

PUBLIC AFFAIRS IN NEWFOUNDLAND. By R. W. Ewbank. Published by William Lewis Ltd., Cardiff, Eng. Price $1 or four shillings.

This is the second book on Newfoundland to be written by a former Commissioner of Natural Resources in the Newfoundland Government. However, unlike his predecessor in office, Thomas Lodge, Mr. Ewbank, did not take up his pen to write a critical survey of conditions in Newfoundland. He does not attempt to discuss the arguments for and against the Commission form of Government Rather, his book is made up of six addresses which he delivered as a member of the Commission for three years prior to his retirement last summer.

The book is essentially a record of the official view of a number of matters which are of interest to every Newfoundlander. Mr. Ewbank alone is responsible for the speeches themselves, but the broad lines of policy which they embody are in accordance with the views of the present Commission of Government. As Mr. Ewbank says in the preface, they will serve to show the spirit in which one of the British Commissioners approached his problems.

The addresses discuss the Bowater Agreement, Forest Policy in Newfoundland, the General Sea Foods Proposition, 1937, the Outlook for the Fisheries 1938, the Fisheries 1939; the Preservation of Game and Fish.

Anyone seeking to find the reason for some of the major policies of the Commission of Government should read this book.

Public Finance

FINANCING GOVERNMENT. By Harold M. Groves, University of Wisconsin. Published by the Oxford University Press, Toronto. Price $5.

In the past decade expansion in the functions of government has proceeded at a pace exceeding all but the most revolutionary visions of the nineteenth century. Social service costs and the administration of government make unprecedented demands upon public revenue.

It is estimated that one fifth of the income of the U. S. passes through various government agencies. One out of every 10 persons gainfully employed depend for their livelihood directly upon public revenue while many millions receive assistance from the public purse in diverse manners. Canada and Great Britain depend no less upon government agencies.

Many million words have been written on the subject of taxation and public finance, but any book that brings these subjects more acutely into focus is a welcome addition to the existing bibliography. Harold M. Groves has studied the many ramifications of tax and public finance and lucidly presented his observations in a new book, "Financing Government." It is one of the first attempts to present the problems of taxation in their entirety for the lay reader and student.

One needs only to remember that study of government today involves questions of economics and political science, sociology and even military science, to appreciate the magnitude of the field covered by Professor Groves's book.

The history of taxation and evolution to its present intricate pattern is an intriguing story. The book does not lose sight of Professor Groves's declared objective of meeting the needs of students and at the same time, making a comprehensive exposition of the general subject.

The Story of Advertising

THE HISTORY OF AN ADVERTISING AGENCY. By Ralph M. Hower. Published by Harvard University Press, Cambridge, Mass. Price $4.

For some years Harvard's Graduate School of Business Research has been engaged in publishing full-length histories of important business firms or families. Fifth in the series is this condid analysis of the record and present position of N. W. Ayer and Son, one of the pioneer advertising agencies of the continent. Dr. Hower has written a volume that is not only a fascinating account of the rise of a single business firm but is at the same time a story of the rapid advance in the ethical standards of all business during the past seventy years. His volume is so lengthy and penetrating a study of advertising at work that it is likely to stand for many years as one of the most authoritative textbooks available for use in schools of journalism, for young men entering the advertising business and for researchers in the field of business methods.

Factual as it is, and sweeping, too, in its interpretations, Dr. Hower's study moves with the force of a clearly-written magazine article. It will be read with interest by any businessman anxious to compare the record and the policies of his own firm with that of a business which has long been in the forefront of progress both in profit-making methods and in moral standards.

So comprehensive is the study that a detailed review would run to impossible lengths. Perhaps it will suffice to say that the volume gives the corporate history of the Ayer firm, the personal history of the successive chief executives, a record of the advance in advertising and publicity methods; and a study of a typical advertising agency at work, including facts as to its income, expenses and profits.

Canada's Central Bank

THE BANK OF CANADA. By Milton L. Stokes. Published by the Macmillan Co. of Canada, Toronto. Price $4.

This is the first of what will, over the years, prove to be a long succession of books on the operation of the Bank of Canada. Mr. Stokes was prompt to set himself to his task and he has provided a volume of substantial value on the history and purposes of Canada's central banking machinery.

A large part of the book details the various efforts made by different political groups in Canada to achieve the establishment of the bank. This record will be of inestimable value in years to come. The set-up of the bank is also outlined.

Only to a limited degree does Mr. Stokes (who is a Canadian, now professor of economics at an American college) attempt to judge of the results of the bank's work. It is too early for that. As he puts it, "The bank is feeling its way along. Its credit policies will develop along the lines experience dictates."

He adds, "The Bank of Canada has not yet been faced with a major crisis and has still to prove itself." This was true when Mr. Stokes completed his book last April. Today the Bank is indeed facing a major crisis—the organization of Canadian finance for the war effort.

Book Notes

A large increase in the number of Canadians represented in the "International Who's Who" is a feature planned for the next issue that goes to press in about six weeks, John S. Webb, Canadian representative of the volume informs The Financial Post.

"International Who's Who" covers some 40,000 persons in all parts of the world—is published by Europa Publications, of London, England.

* * *

Current edition of the Canadian Bookman, now being published on a bi-monthly basis by Ryerson Press, includes articles by a number of Canadian reviewers and essayists.

Of particular interest is a translation of one of Jean Charles Harvey's articles in Le Jour, calling upon French-Canadians to mix more with their English-speaking compatriots bringing in any

Pulp and Paper Industry

Newsprint News Bolsters Optimism

Mexican Contract, Better Sales Brighten the Canadian Outlook

From Our Own Correspondent

MONTREAL.—Developments this week contributed to optimism regarding outlook for the Canadian newsprint industry. Reported were Mexican contract, heavier October shipments, and higher prices in England.

Pisa, newsprint agency controlled by the Mexican Government, which a year ago placed all its orders with German and other European firms, has placed an order for 10,000 tons of newsprint with Canadian manufacturers.

This tonnage (not 100,000 tons as reported in press dispatches) is to be delivered by the end of the year. No arrangements have been made for shipments to the Mexican market in 1940, but enquiries are afoot. It is likely that shipments will be made next year, dependent upon world conditions.

Reflects War Situation

The business secured from Pisa, while not large, is welcomed. It represents one of the first results which the newsprint industry here expected from the dislocation of international trade following upon the war.

It does not necessarily follow that other Central and South American countries will follow Mexico's example and place orders here, but prospects are good. Mexico was largely dependent upon German newsprint; not so the other southern countries. The latter have been looking to the Scandinavian countries for their newsprint supplies. So far the Scandinavians have been able to maintain a fair supply of newsprint shipments to the United States. Whether they will be able to do so to South America (or at least on a profitable basis) remains to be seen.

English Price Adjusted

The second development this week was the announcement from London that the controlled price of newsprint in the United Kingdom had been advanced to £17, or $75.99. The principal reason given for the increase is the difficulty experienced in importing pulp from Norway, Sweden and Finland.

The new figure represents an "increase" of £5 15s., or 51.1% over the previous rate set by the controller.

The "increase" is quite likely to be misinterpreted. Actually the advance is not as great as indicated; in fact, there has been no practical change in the price actually being paid by the English publisher.

No Actual Increase

The previous rate was £12 5s., plus increased costs resulting from the war. Pulp, shipping, insurance and other costs have jumped considerably since the war started and the English consumer has actually been paying nearly £17 for his paper.

The new rate does not affect the contract price on Canadian shipments to England. Of course, there is always the possibility that Canadian shippers will invoke the war clause in their contracts and adjust prices to compensate them for higher shipping and insurance charges. So far this has not been done.

The effect of the new controlled price in England is not likely to have a bearing on the industry's plans as to the price schedule after the first quarter of 1940. Manufacturers here regard the English market as a special case and their decision as regards prices in the United States market during the last nine months of next year will be considered independently of the English price.

Good October Returns

Preliminary indications are that the October newsprint returns will make good reading for investors. October has been an exceptionally good month. Production and shipments ran considerably above the October, 1938, figures.

Apparently there is no indication of any excessive hoarding and the demand has been based upon actual needs. October consumption in the United States will show an increase of between 8% and 9%. The higher consumption was not backed up by increased advertising; the gain being due almost solely to larger circulation figures brought on by increased reader interest.

More Reader Interest

So far the advertising figures in the States have been a little disappointing and there is a possibility of consumption flattening out. It is not anticipated that consumption will decline; but the rate of increase will be less. Thus for November the industry is again anticipating an increase in American consumption, probably as much as 7%. Ordinarily this anticipation would not be justified on the basis of advertising figures.

How long newsprint consumption will continue to increase in the United States without a corresponding gain in advertising revenues, is a matter of interesting speculation. Eventually consumption of paper must be brought in line with the advertising trend, but for the time being the American publishers appear to be content with circulation increases.

BIG CONSOLIDATED UNIT

At Port Alfred, Que., Consolidated Paper Corp. operates a newsprint mill having four newsprint machines and a daily capacity of 480 tons of newsprint, 50 tons of board and wrapping paper and 100 tons of sulphite pulp. This plant provides approximately one quarter of Consolidated's total newsprint

Kraft Board Prices Advance

Adjusted Price Schedule Will Help Earnings Materially

From Our Own Correspondent

MONTREAL.—An increase of 11% in the price of kraft board and liner went into effect on November 1. This is the second price increase announced by the industry since September and, in conjunction with a strong demand, should prove of material benefit to the four principal operators in the Canadian field, namely, Bathurst, Brompton, Dryden and the Wayagamack division of Consolidated Paper Corp.

The situation in regard to kraft prices in Canada is reflected in the American market where there has been a very substantial increase in price in recent weeks. Over the past week American manufacturers of kraft wrapping paper have again advanced the price to $80 a ton, an increase of $5 a ton over the previous price which was set in September and represents a total advance of nearly $21 a ton from the low price of midsummer.

Not all American companies are quoting an "$80 a ton price," but this is only because some companies do not have extra supplies to sell and therefore they are not in the market actively for additional business. When they do sell, however, it is at the $80 price.

Vancouver Kraft Co. Under Reorganization

From Our Own Correspondent

MONTREAL. — Steps have been taken to dissolve Vancouver Kraft Co. and form a new corporation. This fact came to light recently, says the Paper Trade Journal, when holders of obligations of California-Oregon Paper Mills and its successor, Columbia River Paper Mills, received notification from F. W. Leadbetter, president of Columbia River Paper Mills, that the reorganization plan of Vancouver Kraft Co., under which the obligations were issued, had been completed.

Under the new plan, Vancouver Kraft stock is shown to have no value, equity in the company now being represented by obligations of California-Oregon Paper Mills and Columbia River Paper Mills, successors.

FUEL COST $10.5 MILLIONS

Canada's pulp and paper industry had a fuel bill of $10.5 millions in 1937. Purpose of coal amounted in value to $4.8 millions; fuel oil, $693,065; mill waste, $891,932; wood, $77,137; gasoline, $5,437 and kerosene, $8,343.

FROM PULP TO RAYON

Woodpulp is a highly important item in the manufacture of rayon yarn and rayon staple fibres. It is estimated that during 1937 approximately 76% of the raw material used for rayon was woodpulp; the remainder was pulp for cotton linters.

Screenings

Trend of Consumption

Newsprint manufacturers in this country are hopeful regarding the outlook for next year. Their optimism is based on many factors, not the least of which is the anticipated increase in the consumption of newsprint paper in the United States. So far that expectation seems to be justified.

However consumption is tied up intimately with the volume of advertising and, in this respect, recent reports have not been too encouraging. This may be a temporary condition. On the other hand it is important for newsprint investors to bear in mind that until there is a definite upturn in the volume of advertising in the United States, then the Canadian industry cannot expect any large increase in consumption.

This does not mean to say that they will not secure additional business. They have a good chance of replacing a considerable volume of trade formerly held by European countries.

In respect to advertising in the United States, it is the belief that if the present conflict turns out to be a long war, and there is a lot of allied purchasing in the United States, there may eventually be some large profits which the makers thereof may decide can be used more advantageously for their own advertising purposes than the payment of taxes to Uncle Sam, as they did in 1920. But there is a growing opinion among American businessmen, especially those who experienced the abnormal conditions brought about by the last war, that it is better for them to make reasonable profits and offer reasonable prices to their customers.

If this policy is followed by any large number of manufacturers, it means that earnings will not be abnormal and therefore there will not be any abnormal spending on advertising.

It is still too early to come to a definite conclusion in regard to the prospects for advertising in the United States, but it is just as well to keep in mind that so far the advertising volume has not been responsible for the increase in the consumption of newsprint in the United States.

* * *

Newsprint in 1940

So far Canadian manufacturers, as well as a number of American operators, have announced maintenance of the present price of $50 a ton for the first quarter of 1940. In some quarters it is believed that there will be an upward adjustment of prices for the balance of the year. This is taking a lot for granted, inasmuch as the manufacturers' announced policy is not to increase the price of newsprint unless such action is warranted by increased costs, etc.

Higher prices in the United States after the first quarter are possible, of course, but so far the majority of the manufacturers anticipate that any improvement in their earning power next year will come from increased deliveries rather than through higher prices.

More Newsprint Paper Exported from Canada

From Our Own Correspondent

MONTREAL. — Newsprint paper exports from Canada in September continued at a high level, having a value of $9,872,464 compared with $8,523,555 in September last year. The volume was 4,563,255 cwt., as against 3,911,722 cwt. a year ago, according to the Dominion Bureau of Statistics.

Cumulative returns for the nine months ended with September show newsprint exports at a value of $81,180,060, against $73,892,415 a year ago. The volume was 37,578,837 cwt., compared with 34,386,449 a year ago.

U. S. Cellulose Acetate Output on Larger Scale

From Our Own Correspondent

MONTREAL.—Contrary to expectations both production and shipments of cellulose acetate to the United States in the form of sheets, rods and tubes fell off in September as compared with August, but the returns are still well ahead of September a year ago. Output last month was 705,640 lb. and shipments 676,669 lb. During the previous month the industry reported production of 1,041,130 lb. and shipments of 814,634, while in September last year production totalled 592,079 and shipments 615,549 lb.

While the output of sheets, etc. dropped off, it is noted that cellulose acetate output in the form of molding composition registered a sharp increase.

Company Reports

Robert Gair Co.

Robert Gair Co., Inc., manufacturer of paper containers, reports a net loss of $96,079 for the three months ended Sept. 30, 1939. Earnings covered depreciation and income note interest but special charges for losses on sale of inventories of discontinued operations and loss on disposal of capital assets and readjustment of investment in former affiliated company brought the large loss reported. In the three months ended Sept. 30, 1938, the company reported a net loss, after all charges, of $37,947.

For the first nine months of 1939, the company's net loss of $279,388 is more than three times the $73,635 loss reported for the corresponding peiod of 1938.

Consol. Profit & Loss Statement

	3 mos. ended Sept. 30, 1939	9 mos. ended Sept. 30, 1939
	$	$
Operating profit	391,728	942,579
Less: Depreciation	198,201	608,251
Subsid. bond int.	20,551	63,649
Subsid. pfd. divid.	9,750	29.250
Net oper. profit	163,225	241,428
Less: Inventory loss	78,186	78,186
Income note int.	48,665	145,996
Loss on assets & invest.	119,953	273,234
Income taxes	12,500	23,400
Net loss	96,079	279.388

Fraser Companies

From Our Own Correspondent

MONTREAL.—Fraser Cos.' consolidated earnings statement for the three months ended September 30, 1939, shows an upswing in revenue. Net profit amounted to $3,809 after interest, depletion and depreciation charges. For the like quarter of 1938 there was a deficit of $184,536 after similar charges.

Gross income for the past three months totalled $487,253 as against $292,876 a year ago. This brought cumulative earnings for the nine months ended September 30, 1939, to $993,983, as contrasted with $1,419,237 for the like period of 1939. These figures are subject to adjustment on audit.

Cumulative Deficit Larger

While interest charges and the reserve for depletion and depreciation are lower, there was a net loss at the end of September 30 this year of $443,728, as against $73,962 a year ago.

Comparative consolidated figures follow:

Income and Expense Account†
3 Months Ended Sept. 30

	1939	1938
	$	$
Earnings	487,253	292,876
Less: Bank, etc., int.	14,397	14,020
Spec. loan interest	21,253	21,338
Bond interest	179,871	179,645
Depl. & deprec.	287,723	262,408
Net profit	3,809	*184,536

*Deficit. †Subject to adjustment.

9 Months Ended Sept. 30

	1939	1938
	$	$
Earnings	993,983	1,419,237
Less: Bank, other int.	42,389	50,620
Special loan int.	63,695	70,747
Bond int. & exchange	542,339	552,384
Deplet. and deprec.	789,289	819,449
Net loss	443,728	73,962

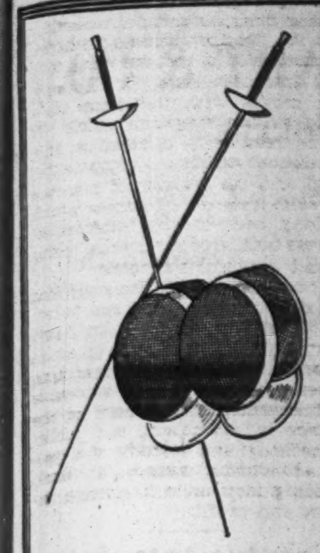
U. S. Paperboard Trade Reflects New Conditions

From Our Own Correspondent

MONTREAL. — Paperboard production in the United States during the week ended Sept. 23 reached its highest level this year at 129,359 tons. This continued the rapid rise which set in immediately upon outbreak of the European war.

Operating ratio in the week ended Sept. 23 rose to 80% from 79% in the preceding week.

Spot prices for paperboard have risen with increased demand and many companies have withdrawn quotations.



For men's fashions and for fine pipe tobaccos, London leads the world . . . Piccadilly is a "London Mixture" as famous in Canada as the mixtures developed by exclusive West End tobacconists are famous with their exacting clients.

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SMOKING MIXTURE
MILD

Latest development in paper manufacture

"Sampson White Envelope"

has a bond finish; is carried in two weights; is brilliant white; is opaque, and has the unusual qualification of having the strength of a rag content bond three times the price.

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LIMITED
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DOMINION ENVELOPES LTD
We have them all kinds
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JAMES W. SEWALL
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Ruttan Block, Port Arthur, Ont.

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BUILDERS of CANADA

Running the "white waters" of the Fraser River.

Simon Fraser

The name of Simon Fraser, a native of Glengarry, is written boldly on the pages of the early Canadian history of the Pacific Northwest. He became a partner in the powerful North West Company and in 1805 was placed in charge of its fur trading operations beyond the Rocky Mountains. In 1809 he explored the rocky, rushing Fraser River which now bears his name.

BLAZING NEW TRAILS

SIMON FRASER'S courageous adventuring finds its modern counterpart in the industrial laboratories of today. For modern science is blazing new industrial trails continually. Moved by the common urge to develop our Dominion, this Century-old Bank is co-operating with far-sighted business men and welcomes further opportunities to serve Canadian industry and enterprise.

Coast to Coast in Canada

NEWFOUNDLAND, JAMAICA, CUBA, PUERTO RICO, DOMINICAN REPUBLIC, NEW YORK, CHICAGO, BOSTON, LONDON, ENGLAND

The BANK of NOVA SCOTIA
OVER A CENTURY OF BANKING EXPERIENCE

Position of Chartered Banks of Canada as of September 30, 1939, Shown by Monthly Returns to Minister of Finance

LIABILITIES / **SUPPLEMENTARY INFORMATION**

NAME OF BANK	Notes in Circulation	Deposits by and Bal. Due to Dominion Government	Deposits by and Bal. Due to Provincial Governments	Advances from Bank of Canada	Demand Deposits in Canada	Savings Deposits in Canada	Deposits Elsewhere▲	Bal. due to other banks in Canada	Due to Banks in U.K.	Due to Banks Elsewhere	Bills Payable	Letters of Credit outstanding	Other Liabilities	Dividends Declared and unpaid	Reserve Fund	Capital Paid Up	Total Liabilities	Capital Authorised	Capital Subscribed	Last Dividend	*Loans to Directors and firms of which they are Partners	Average Notes and Deposits with Bank of Can.	Greatest amount of Notes in Circ.
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	%	$	$	$
Montreal	23,143,652	23,444,816	14,051,016	....	209,456,528	453,167,504	123,990,032	3,614,993	5,041,092	9,463,680	378,212	7,257,425	3,242,251	31,385	39,000,000	36,000,000	961,082,592	50,000,000	36,000,000	8	460,078	87,062,722	23,143,652
Nova Scotia	9,100,400	4,109,130	1,546,998	....	47,996,321	155,656,394	50,528,096	1,789,511	1,203,763	1,880,862	17,215	6,569,274	39,473	362,005	24,000,000	12,000,000	316,799,448	15,000,000	12,000,000	12	5,008,172	22,051,000	9,100,400
Toronto	3,959,564	2,457,965	1,604,313	....	39,328,488	85,814,379	316,159	378,162	897,296	2,187,574	....	1,374,825	....	3,742	9,000,000	6,000,000	153,322,471	10,000,000	6,000,000	10	529,573	18,312,707	3,959,564
Provinciale	3,020,115	270,761	632,826	....	8,295,561	39,664,313	200,490	....	5,923	3,957,431	....	194,396	5,718	5,298	1,000,000	4,000,000	61,252,838	5,000,000	4,000,000	6	227,362	3,823,778	3,020,115
Commerce	17,189,509	15,998,662	13,615,190	....	163,950,468	329,211,658	67,671,841	1,938,188	2,629,080	8,634,082	3,422	17,015,682	....	615,411	20,000,000	30,000,000	688,473,197	50,000,000	30,000,000	8	1,296,152	47,629,333	17,189,509
Royal	27,846,613	11,547,674	9,016,416	....	188,643,107	342,318,312	235,727,489	175,342	1,693,365	13,403,025	244,884	17,384,928	48,600	46,060	20,000,000	35,000,000	903,095,320	50,000,000	35,000,000	8	1,408,690	51,454,699	28,629,418
Dominion	5,231,656	1,832,879	935,726	....	85,279,816	78,598,608	4,944,449	1,164,553	330,509	338,240	....	2,724,838	358,428	176,695	7,000,000	7,000,000	145,915,892	10,000,000	7,000,000	10	220,696	11,466,064	5,278,456
Nationale	4,992,564	1,849,508	689,644	....	25,599,491	108,198,232	1,356,071	1,494,345	112,058	548,037	19,128	825,077	88,406	7,078	5,000,000	7,000,000	152,759,640	10,000,000	7,000,000	8	394,691	12,718,035	4,992,564
Imperial	5,271,050	3,059,541	10,294,887	....	41,458,805	95,560,591	294,770	978,894	844,282	1,352,655	....	1,184,583	....	177,764	8,000,000	7,000,000	175,477,824	10,000,000	7,000,000	10	521,127	12,767,629	5,286,158
Barclays (Canada)	429,480	252,867	37,388	....	3,488,308	8,922,669	5,064,857	151,547	2,723,481	2,594,058	12,373	73,331	4,000	....	750,000	1,500,000	26,004,362	1,500,000	1,500,000	....	5,143	2,665,890	432,945
Total	100,184,603	74,823,803	52,424,404	....	783,496,393	1,692,112,655	490,094,254	11,665,535	15,480,849	44,359,644	475,234	54,604,359	3,786,871	1,425,433	133,750,000	145,500,000	3,584,184,084	211,500,000	145,500,000	....	10,066,614	369,951,847	101,032,781

▲Of this amount, $91,262,963 represents deposits in Canada in currencies other than Canadian, carried under demand and savings deposits in Canada, prior to Aug., 1935. *And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada	Gold and Subsidiary Coin Held Elsewhere	Notes of Bank of Canada	Deposits with Bank of Canada	Notes of Other Banks	Govt. and Bank Notes other than Canada	Cheques on other banks	Balances due from other banks in Canada	Due by banks in U.K.	Due by banks elsewhere	Govt. sec. short term	Govt. sec. long term	Canadian municipal securities	Public sec. other than Can.	Other bonds and stocks	Call and short loans in Canada	Call and short loans elsewhere	Current loans in Canada	Current loans elsewhere	Loans to provincial governments	Loans to municipalities	Non-Current loans	Real estate other than Bank premises	Mortgages on real estate	Bank Premises	Deposit for note circulation	Other assets	Total assets▲
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal*	962,989	98,286	14,752,302	75,652,201	1,278,953	710,653	29,386,893	10	1,509,802	83,788,829	170,449,313	211,300,371	24,082,343	30,343,251	30,721,928	4,213,466	20,710,648	185,694,161	14,782,655	728,858	37,497,075	1,591,850	576,632	530,002	13,325,182	1,127,794	1,645,269	964,709,344
Nova Scotia	300,845	1,470,305	4,142,998	17,883,336	357,902	7,814,069	10,386,023	....	5,430,848	15,306,981	19,538,185	71,806,005	12,162,948	435,763	13,118,075	4,711,754	1,408,040	93,468,902	14,450,589	1,646,262	6,094,527	506,481	....	89,446	6,123,077	472,200	2,666,197	318,261,034
Toronto	196,904	....	2,624,342	14,979,788	180,325	145,436	7,414,545	....	998,670	2,758,849	5,792,510	52,747,408	6,007,715	....	4,617,676	1,662,732	....	43,929,495	....	....	6,352,175	323,743	....	26,387	3,450,678	201,927	....	155,787,140
Provinciale	199,111	....	979,724	2,165,375	179,035	113,750	1,963,351	981	....	227,836	10,419,672	5,993,041	12,985,352	....	2,056,850	3,685,205	....	13,917,574	....	416,369	2,777,084	78,724	566,321	340,675	2,080,671	149,637	145,016	61,635,763
Commerce†	689,046	359,073	9,363,206	45,444,369	712,204	974,284	19,921,608	192	1,859,436	36,928,620	93,044,241	113,186,166	9,362,914	31,114,350	29,474,844	11,915,201	11,397,677	184,228,488	22,425,955	6,872,973	19,343,168	2,947,649	2,551,093	1,418,213	14,757,189	907,000	4,409,322	692,624,167
Royal‡	1,067,523	3,755,517	11,974,616	38,760,188	1,089,296	23,510,208	31,041,354	3,616	6,350,001	50,167,556	108,862,824	166,184,996	9,278,730	28,252,270	41,423,936	11,271,180	16,185,667	303,116,946	95,632,042	2,237,560	20,461,113	2,716,836	2,380,755	774,709	14,818,652	1,380,000	3,833,600	907,886,922
Dominion	217,180	520	2,447,458	10,501,947	334,180	202,518	4,801,120	....	567,160	3,329,866	12,344,850	37,896,563	3,625,083	....	2,765,505	3,348,965	2,351,623	50,951,496	381,649	....	1,633,265	223,090	71,387	56,513	5,551,133	270,670	201,743	146,900,481
Nationale§	448,350	410	3,273,004	8,111,315	278,180	129,646	4,493,709	1,015,709	25,845	1,705,802	6,388,806	22,890,131	17,432,584	188,253	6,989,258	5,093,188	10,000	51,701,733	24,076	3,055,624	11,598,983	251,588	1,531,976	596,525	5,583,637	258,718	294,648	154,196,911
Imperial	289,205	....	4,390,223	5,280,776	233,045	158,163	7,898,025	630,305	480,000	3,109,608	20,886,597	43,131,877	6,023,307	....	60,841	4,743,328	....	63,433,950	....	572,486	6,834,062	419,102	185,629	358,505	5,948,144	271,794	130,168	176,753,731
Barclays (Can.)	2,264	....	90,104	2,244,069	3,395	9,920	214,262	1,905,087	3,211,683	3,764,482	3,709,931	7,789,940	4,200	....	....	522,644	....	1,978,281	....	....	....	8,592	....	....	450,000	18,895	14,123	26,015,312
TOTAL	4,373,417	5,684,311	54,037,977	221,023,344	4,746,465	33,779,237	117,420,891	3,555,993	20,433,445	201,088,429	440,436,928	732,896,698	100,965,176	90,333,886	131,329,012	51,167,063	52,063,655	991,421,126	147,696,966	15,530,132	112,591,442	9,067,655	7,863,763	4,181,065	72,188,358	5,058,635	13,340,062	3,604,770,755

*The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above Return.—Footnote to Bank of Montreal return.

†The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

‡The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the bank in Paris, and the assets and liabilities of the Royal Bank of Canada (France) are included in the above general statement.—Footnote to Royal Bank return.

§The assets and liabilities of the Banque Canadienne Nationale (France) same being considered a branch operating as a subsidiary of the Banque Canadienne Nationale, are included in above return. — Footnote to Banque Canadienne Nationale return.

▲Total assets include $54,604,359 letters of credit outstanding as shown in liabilities.

Week in Mining

Fires Another Blast Against Gold Doubters

Pioneer Mine Strike May Lead to Long Litigation as Both Sides Dig in For Major Fight—Privateer Strike Over

"Gold will emerge from this disturbed period with added prestige as the international medium of exchange," the U. S. Secretary of the Treasury, Henry Morgenthau, told the U. S. Senate last week.

This latest authoritative word on the outlook for gold should put the quietus for another while on the jitters some people periodically get about gold in the years ahead. Mr. Morgenthau's statement appears at length elsewhere in this edition. That statement is especially interesting as giving the clearest presentation so far to a view time and again presented in this column: that is, the practical as opposed to the theoretical aspect.

The Politics of It

Setting aside completely the things economists are saying in favor of gold and the philosophical arguments for gold, you come down to the hard fact that the British Empire and United States have a gigantic political and economic interest in keeping gold valuable and that no set of politicians are going to go hanging themselves by doing anything that decreases or impairs the value of gold.

Some have argued that the future of gold depends on victory by Britain and her Allies. The eagerness with which Hitler snaps up any gold hordes he can find indicates that even he recognizes gold's superior advantages for the world's business.

The Big Drive

Mining continues to be one of the most powerful driving forces in Canadian economic life. Take the $300,000 that the Fishers of Fisher Body fame have just sent here from Detroit to develop Faymar Gold Mines, the promising young Porcupine development. Foreign Exchange Control regulations have had the effect of pretty well damming up the tremendous flow of American capital to Canada; not that they prevent its entry, simply that Americans so far haven't got it figured out that their money invested in Canada is likely better off here, even if they must leave it in this country for the duration of the war.

• • •

Biggest So Far

So far as can be found out, this $300,000 for Faymar is the largest single bloc of American money that has come to Canada since war was declared. It seems almost certain that, in the near future, the same company is going to get a further $200,000 of American funds.

Exchange control pretty well rules out the market in-and-outer but the foreigner who wants a safe place to put his money at high-yield rates, even if it is virtually "interned" for the duration of the war, is likely soon to realize that Canada still offers unique advantages.

• • •

See Long Fight

The 13-day strike at Privateer Gold Mines in the Zeballos camp ended last week when the 89 discharged employees went back to work. But litigation over the Pioneer Gold Mines strike is likely to continue for a long time. Both parties have announced their intention to appeal the decision to higher courts, whatever it may be.

The issue involves validity of the British Columbia Industrial Conciliation and Arbitration Act, which will be tested for the first time. The fight is between the Government and the striking employees of Pioneer, represented by the C.I.O. affiliated union of mine, mill and smelter workers.

The Pioneer management was merely in the background of the case until the union issued summonses against Managing Director Howard James and directors of the company, charging them with unlawfully refusing to bargain collectively with the men. Earlier, the strike leaders had been charged with the same offense, as well as with calling an illegal strike.

Watched Closely

The Pioneer controversy is being closely watched by mining men throughout British Columbia, as its result may have far-reaching effects in the industry. It is claimed that if Pioneer is obliged to recognize the C.I.O. and the Government loses, thus invalidating the whole legislation covering industrial disputes, the way will be opened for the rapid spread of the C.I.O. throughout the province's gold mines.

Meanwhile the C.I.O. has been urging the Provincial Government to call a conference of mine operators and gold mine workers to discuss costs of living in relation to wages on the basis of increased price of gold. The C.I.O. claims that because payment for gold in U. S. funds has increased the price of gold to $38.50, companies should share the increase with their men.

The operators, on the other hand, say that it is too early to make any general revision of wages and that war taxation is likely to absorb all the increase; also that the dollar exchange rate may change at any time. They are also opposed to dealing with the C.I.O., already outlawed by the Trades Congress of Canada and regarded as an alien organization with Communist affiliations.

Bulolo Shows Record Profit

Nets $3.55 Against $3.13 Previous Year — Has New Dredges

Record production and profits are shown by Bulolo Gold Dredging in its annual report for year ended May 31, 1939. As the company's seventh dredge was started in July, 1939, and an eighth is to be in operation in a few weeks, the current fiscal year may well exceed that for 1938. Bulolo's placer properties are located in New Guinea.

Earnings of $3.55 in the 1939 fiscal year compared with $3.13 for 1938 and $3.37 in 1935, the previous record year for profits.

Greater Yardage Dredged

During the 1939 year, 14.7 million cubic yards were dredged by the six units in operation compared with 11.2 million cubic yards the previous year. Bullion output was higher at 158,970 oz. of gold and 67,939 oz. of silver against 137,325 oz. and 59,039 oz. in 1937, the previous record fiscal year for production.

Several million yards of new gravel were developed during the year. Reserves at May 31, 1939, were estimated at 182 million cubic yards of workable gravel, together with a further 20 million yards to be handled later with hydraulic equipment. Installation of hydraulic equipment has been deferred until more hydro-electric power is available. An additional power plant to develop 2,800 h.p. should be completed before the end of the current fiscal year.

Income and Surplus Account
Years Ended May 31

	1939	1938
	$	$
Bullion produced	5,395,572	4,730,848
Less: Gen. Oper. costs	1,294,517	979,243
Operating income	4,301,055	3,751,605
Less: Misc. exps.	127,707	117,253
Bullion marketing .	23,403	18,861
Royalties	275,859	234,367
Operating profit	3,874,086	3,381,124
Add: Sundry income .	....	72,340
Total income	3,874,086	3,453,464
Less: Amortization ...	322,634	322,634
Net profit	3,551,452	3,130,830
Less: Dividends	3,000,000	3,000,000
Surplus for year	551,452	130,830
Add: Prev. surplus ..	2,150,311	2,019,480
Surplus forward	2,701,763	2,150,310
Earnings per Share and Dividend Record:		
Earned	$3.55	$3.13
Paid	3.00	3.00

Working Capital
As at May 31

	1939	1938
	$	$
Current assets	3,119,625	2,547,230
Current liabilities	2,555,964	1,897,028
Working capital	563,661	650,202

Chesterville Larder Lake Gold Mining Co. has elected J. Bradley Streit vice-president, replacing the late C. W. Casselman. Eric V. Oag has also been elected a director.

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Malartic Gold Fields Ready Soon

New 300-ton Mill Slated To Start Mid-December

By GORDON M. GRANT
Staff Writer, The Financial Post

Less than eleven months after commencement of shaft sinking, Malartic Gold Fields should turn over its modern new 300-ton mill in December. Present indications are that the fourth producer in the Malartic area will set a new record for average grade of ore treated in the camp.

From grass roots to production in less than eleven months is an achievement of which any mine management may be proud. As far as can be learned, it will set a new record for this size of mill in Canada. Most successful mining companies were still in the throes of preliminary underground exploration a year after installing their mining plants.

Malartic Gold Fields was fortunate in the rapid development of ore after passing through an expected lean section. Lateral results more than confirmed diamond drill values and a number of rich cross veins were also found which did not show in the drilling. When the decision to build the mill was made last August, over 1,000 ft. of ore had been exposed by development work. Since then ore length has been nearly doubled.

Ore Body Still Open

Sinking the shaft to 449 ft. with levels at 175, 300 and 425 ft. provided one agreeable surprise. A nearly vertical vein was followed in the shaft to the 200-ft. level where it disappeared to the north. This vein was located again in the 300-ft. level station and on the 425-ft. level the same vein proved to have a width of 7 ft. This is just one of the instances in which veins have been found that were not even suspected from drilling results.

The largest part of the ore opened up to date has been in the main contact vein which is still open to the west on all three levels.

To the end of September, 1,774 ft. of ore had been opened up on all levels. On the 175-ft. level, the 637 ft. of ore opened up averaged $19.60 per ton. On the 300-ft. level, 679 ft. of ore averaged $14 to the ton while the 458 ft. of ore on the 425-ft. level ran $12.60 to the ton.

The average width of the ore on the different levels is not known since drilling or crosscutting has not been done beyond the drift width of 6 ft. It is known the main ore body broadens out to 20 to 30 ft. in places. Since drifting has been in the margin of ore bodies in places, the best values have not necessarily been revealed.

Expect $9 Mill Heads

When development has been completed, it is estimated that the average value of ore to be treated will be considerably lower than the values given by drifting. The company will likely mine out all values that will show a profit and this will tend to lower average grade of ore treated. Mill heads, however, are expected to average $9 per ton or better.

No metallurgical difficulties are anticipated in treating the ore. A good recovery should be achieved from straight cyanidation.

Good Profit Indicated

Costs can only be determined by actual operation, but experience of other operators in the area indicates a good margin of profit. Sladen Malartic treated an average of 303 tons of ore in 1938 at a total average cost of $4.01 a ton, after allowing for all write-offs and pre-production charges. How the excess profits tax will be worked out for new mines is not yet known.

Costs will undoubtedly be affected by the war but the company should get $38.50 for gold against the peacetime price of $35. All values given have been worked out at $35 gold.

So far the company has been affected very little by the war. All machinery for the mill was ordered before the war and part of it has already been shipped to the property.

Diamond Drill Results

Diamond drilling done on the north contact prior to shaft sinking indicated four ore shoots. The main zone cut in 10 consecutive drill holes at 100-ft. intervals over a length of 900 ft. and to 500 ft. depth gave an average grade of $8.75 per ton across a 9-ft. width. North of this were two other zones partially indicated. One open at both ends showed a length of 500 ft. averaging $7 a ton across 9 ft. The other ore body open at both ends was exposed in two drill holes 200 ft. apart showing 15 ft. of $8.05 ore and 14.4 ft. averaging $10.50. At 50 ft. south of the main zone another was exposed in the drilling over a length of 500 ft. averaging $12.27 across an average width of 7.3 ft. The shaft was sited near the east end of the north ore zone.

Many Other Ore Chances

Aside from the present underground development, many other important ore chances exist. On the south contact—the same one on which the famous East Malartic deposit is located—diamond drilling has indicated no less than seven possible ore shoots. One is particularly interesting. Twenty-one continuous drill holes have indicated a length of 2,020 ft. averaging $10.60 per ton across an average width of 10 ft.

The area between the north and south contacts is at least 10,000 ft. wide. It is greenstone formation and is considered "hot" formation for the location of further deposits. To the east, another formation comes down from the north to merge with the north contact to make a new set of conditions. So far no exploration has been carried out in this sector.

Two Miles on Break

The south contact which is ore-bearing on Malartic Gold Fields stretches through Sladen and East Malartic, across Rand Malartic into Malartic Gold Fields ground. Apparently it represents a "main break" for ore values have been encountered along it for a very great length. Malartic Gold Fields has 13,000 ft. along this break on its east end, a distance of over two miles.

In the southeast part of Malartic township, Malartic Gold Fields has a second property of 200 acres which can be explored later. An interest is also held in a property adjoining Canadian Malartic Gold Mines. Diamond drilling gave gold values on this property but continuity was not established.

Funds for bringing the property into production have been provided by sale of treasury shares. Up to the end of 1938, $439,262 had been received by this method. The balance sheet as at Dec. 31, 1938, showed $171,074 working capital comprised almost entirely of cash and call loans. During 1939, 250,000 shares have been taken up at 65 cents a share, giving the company an additional $162,500 working capital. There are now 3,750,000 shares issued.

Options outstanding on 250,000 shares at $1 a share will give the company $250,000 further if all taken up. Next option installment falls due Nov. 16. It is understood arrangements have been completed for financing the company through to production without depending on stock options which may possibly not be exercised.

Norrie General Manager

Direction of the Malartic Gold Fields enterprise is under J. P. Norrie, vice-president and general manager. Mr. Norrie is a veteran Quebec mine-maker, and one of the original stakers of East Malartic. He had a big share in bringing it to the production stage. Other enterprises which owe much to the Norrie ore sense are Sladen Malartic and Perron. Mr. Norrie is also general manager of Inspiration Mining and Development Co., which operates over 30 diamond drill rigs, mostly in Quebec.

President is M. A. Thomson, of Montreal, partner of Nesbitt, Thomson & Co., which has provided the finances through purchase of shares under option. Other directors are W. H. Miner, president of the Miner Rubber Co., Montreal, C. O. Stee, mining manager of Siscoe, and Andrew Davis, president of East Malartic and vice-president of the Davis tannery at Newmarket, Ont.

Prospecting is Active Despite War Incidence

Although war has caused a slump in prospecting, new discoveries announced from day to day indicate many prospectors are still in the field.

The latest gold rush is at Keehzik Lake, located 70 miles east of Pickle Crow and 30 miles north of the Albany River. Already 200 claims have been staked along the formation located by the Dempster brothers this summer. Central Patricia is among the companies which have located claims and a small crew has been sent in for exploration.

The 18 Dempster claims, staked for Coin Lake Gold Mines, are in the most advanced stage of exploration. Although a limited amount of work has been done, diamond drilling is being considered right after the freeze-up. Half a dozen trenches have been opened over a mile and a half on the Coin Lake ground, with values of $1.75 to $21.70 in gold obtained in the iron band disclosed. Where exposed, the band has a width of 4 to 18 ft.

Howey and Austin Dumon have staked claims on both ends of Coin Lake's ground and Alex. Hennessey and A. H. Honsberger are others who have made locations.

Heenan Twp. Active

Much interest continues in the newly discovered mineral area in Heenan twp., about 12 miles northwest of Jerome Gold.

Late developments in Sudbury indicate a deal is pending between Joe Burke and Harry MacLachlan, original stakers in the district, and the Springer-Sturgeon interests. Burke and MacLachlan are both stated to have uncovered some good showings. Springer-Sturgeon principals already hold some claims in the new district.

It is estimated that 250 claims have been staked along the break, which extends across Heenan and Marion townships into Dore township on the west. Among the major interests in the field is Consolidated Smelters, understood contemplating diamond drilling its 22 claims on Heenan Lake.

Mosher Has Group

Newest group staked is in Dore township and was recorded by Jack Campbell, of Massey, for a Toronto syndicate. Adjoining this property, on Trailbreaker Lake, are nine claims held by Mosher Long Lac. Consolidated Smelters adjoins these to the east. The Oliver-Severen and Roche Long Lac are on the same break to the east with 15 and 12 claims respectively.

The Amoranda Gold and Karl Springer interests have 42 claims surrounding one of the original finds. Slightly north and east, David Baird, of Sudbury, has 18 claims, while Joe Burke, the original staker, has 15 and the Raye Syndicate nine. Ed. Derraugh, of Sudbury, is reported doing development work for Coniagas Mines Ltd.; Gunnar Gold has nine claims on the most easterly part of the field.

Molybdenum Discovery

A Winnipeg syndicate under Roy Pickard plans to start underground work on a molybdenite discovery in Ontario, just across the Manitoba boundary. The property borders High Lake and comprises about 100 claims, which border both sides of the Ontario end of the lake.

At the east end surface pits have been dug for a length of 480 ft., opening up quartz veins carrying molybdenite. Mining widths run from 4 to 20 ft. Average mining grade is about 1½% though in richer and narrower sections it runs to 4½%. Some diamond drilling has been done, sufficient to indicate considerable depth and present plans take into consideration the installation of a small mill, which it is believed could be used profitably as well as aiding in a much larger exploration programme.

New Lochalsh Discoveries

With establishment of Cline Lake Gold Mines as a producer, interest has been directed to the Lochalsh area, and new discoveries have been reported. Two promising showings have been uncovered just south of the C.P.R. station at Lochalsh, as well as three finds in Renny township, north of the C.P.R. main line from Missanabie station, about 25 miles east by north of Cline.

In both fields, it is reported, grab samples and stripping have yielded from $4 to $9 per ton, while on one, in Township 47, near Cline Lake, G. L. White, a Chapleau druggist, has installed a 10-ton Nutt mill. In the same township Dog Lake Syndicate has taken over a property staked by Robert Burns, of Chapleau. In two trenches 1,100 ft. long, samples run from $1.75 to $21 per ton.

On the White holdings open pit work has been carried out on a 4 to 6-ft. vein. Some free gold has been found in iron pyrites. Jack Tremblay and associates staked 37 claims near Renny Lake last summer, but development has been held up. Mineralization consists of a wide zone of iron pyrites. Adjoining these claims are 18 held by two Chapleau men, John N. Burns and J. Burns.

Pato Consolidated Profits Show Jump

13.3 Cents a Share Against Less Than One Year Ago

A sharp rise in profits to $436,223 from $21,334 the previous year features the annual report of Pato Consolidated Gold Dredging for the year ended April 30, 1939. More than three times the yardage of gravel was handled in 1939, with recovery of 58,883 oz. of gold from 14.9 million cubic yards handled. Pato's properties are in Colombia, S.A.

Earnings per share amounted to 13.3 cents a share for the 1939 fiscal year compared with 0.7 cents a share the previous fiscal year. Working capital was $211,737 on April 30, 1939.

May Reduce Costs

Four dredges were in operation throughout the year and a fifth was operating 10 months. The three new dredges constructed are digging to their estimated capacities and including hydraulicing, it is estimated approximately 17 million cubic yards can be handled annually with present equipment. This would ordinarily reduce costs to 7 cents a cubic yard, it is stated. In 1939 costs were 8.09 cents.

Gravel reserves were tested and surveyed during the year. Total reserves are now estimated at 556,773,000 cubic yards averaging 14.1 cents a cubic yard with gold at $35. In addition large potential areas exist. Testing of these and partially developed reserves is continuing.

Week in Oils

Big Air Training Scheme May Hoist Oil Output

Estimate Paper Plan For Empire Aviation Schools on Prairies Would Use Twice Present Yearly Output of Alberta Wells

From Our Own Correspondent

CALGARY.—Canadian oil production interests anticipate a completely changed picture, so far as the marketing of western oil is concerned by the decision to train air pilots for the army on the western plains.

It is estimated that it takes around 4,000 gallons of gasoline to train one military pilot. To train 25,000 pilots, as stated in plans to date, would, on this estimate, require about 100 million gallons or, roughly, over six million barrels of crude, the whole amount of Alberta's production last year.

Turner Valley crude is an excellent type for conversion into high octane aviation fuel, hence Alberta producers may find a magnificent market dropped right on their front doorstep.

Plan New Refinery

Plans are being prepared for erection of a refinery at Lloydminster by the A. C. Chemicals Ltd. of Saskatoon. A few days ago Col. Arnold, president, and J. R. Catternach, its chemist, were in Lloydminster, together with R. L. Shaw also a director, discussing plans. It is intended to produce high-test gasoline, alcohol, glycohol boiler compounds and anti-freeze.

A 1,000-barrel storage tank is being put up at Lloydminster Royalties No. 1 and a 500-barrel tank at Shaw Petroleum No. 2. When completed, pumping will commence. Additional storage is required to fill a contract which has been entered into with the Saskatchewan Power Commission to supply the Commission's boilers at North Battleford with 100 barrels of crude daily. Storage tanks are also being erected at North Battleford to ensure continuous supply.

• • •

May Boost Market

Arrangements have been completed by which the McColl-Frontenac Oil Co. will take over all the assets of the Texas Company of Canada, including an extensive retail distributing system in the Prairie Provinces. The agreement is to take effect Feb. 1, 1940. Texas of Canada is a subsidiary of the Texas Corp. of United States. McColl-Frontenac, formerly controlled by Nesbitt, Thomson & Co., was last year brought under control of Texas Corporation through the acquisition of 31% of the common stock.

There is much speculation as to the reason for the deal. One result is likely to mean the displacing of Texaco-manufactured Montana gasoline with gasoline processed from Turner Valley crude. This might increase Turner Valley's yearly market by some 800,000 barrels.

Consolidating the two marketing organizations would likely permit a sharp reduction in distribution costs. That these costs are at present very high was shown in evidence submitted to the McGillivry Royal Commission. Prairie province distribution costs of the larger marketers were reported to the Commission as follows: Imperial Oil, 4.311 cents per gallon; British American, 4.796 cents Texas of Canada 6.188 cents, and McColl-Frontenac 12.750 cents per gallon.

• • •

Might Need Refinery

Prior to outbreak of war, Texas of Canada reported its loss on Canadian sales was about one cent per gallon. Since outbreak of war, losses will have been increased by the rise in exchange rates.

Texaco has been supplying its Canadian market with Montana gasoline processed at a Texas Corp. refinery across the border. Its gasoline imports in 1938 were 7,764,029 Imperial gallons. This year imports will exceed 11 million gallons. For some time Alberta oil men have been agitating for application of dumping duties against Montana gasoline. The Customs Department has promised action.

McColl-Frontenac is supplying its prairie outlets with Turner Valley gasoline processed by Imperial Oil. On taking over Texaco outlets, McColl-Frontenac will likely serve its tremendously increased market by increasing its gasoline purchases from Imperial Oil refineries, or from British American. Both Imperial and British American, which have spent something like three millions of dollars this year on prairie refinery construction or enlargement, are in a position to supply any enlarged McColl-Frontenac demands.

Combining of the McColl-Frontenac-Texaco markets would probably warrant construction of a new prairie refinery.

• • •

Output Higher

With Alberta oil production 426,092 barrels ahead of the same period in 1938 at September 30, and with considerable increases over last year expected for October and November, 1939, production is expected to exceed the 1938 record by about 800,000 bbls. Yield for 1939 is now estimated at 7,500,000 bbls., compared with some 6,700,000 bbls. last year.

The Department of Lands & Mines reported this week that September production totalled 701,209 bbls., compared with 867,939 bbls. in September, 1938. All but about 4,000 bbls. came from Turner Valley. At the end of September, 1939, production stood at 5,600,667 bbls. compared with 5,174,575 bbls. for the same period last year.

October production is expected to exceed 800,000 bbls., compared with 667,454 bbls last October. November production, due to continuance of harvest demands late into the month, will perhaps exceed 700,000 bbls., compared with only 427,236 bbls. last November.

• • •

Getting Closer

Brown Consolidated No. 1, important test of the Jumping Pound structure 25 miles west of Calgary, has encountered the Dalhousie sand marker about 6,280 feet and drilling is now proceeding below 6,320 feet with the top of the Madison lime expected by 6,600 feet. The well's log has confirmed the opinion of Dominion Government geologist, Dr. G. S. Hume, concerning the structure of the Jumping Pound field. Another month should tell whether or not the field will join Turner Valley as a major producer in the Alberta Foothills. The field has been described by Dr. Hume as "the best prospect outside of Turner Valley in the Foothills." Structurally, it is very similar to Turner Valley, and covers about the same area.

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New Brunswick To Survey Potential Mineral Wealth

From Our Own Correspondent

SAINT JOHN.—New Brunswick plans extensive surveys to determine the potential mineral wealth of the province, according to Hon. F. W. Pirie, Minister of Lands and Mines.

Several survey parties are to be sent out, under the direction of the provincial geologist, Dr. W. J. Wright, to comb the province in search of favorable mineral indications. Somewhat similar surveys have been conducted in the past, but nothing so ambitious as the investigation now being planned.

Need Systematic Drilling

One of the drawbacks to development of New Brunswick's mining industry in the past has been lack of systematic drilling. Favorable seams of basic minerals have been discovered at various times, but the necessary drilling has, for the most part, been lacking.

"We have several good leads and intend to follow them, and others, through to a finish," according to Mr. Pirie.

So far as coal and oil is concerned, New Brunswick is in a position to step up production on little notice. Dr. J. A. L. Henderson, an official of New Brunswick Gas & Oil Fields Ltd., recently said the province's oil production could be tripled or quadrupled on very short notice, if increased demand warranted such a move. During the summer the company carried on an extensive drilling campaign, and a large number of new wells are either producing at present, or could quickly be brought in. Three new wells are now being drilled.

Production in the Minto coal field is up 50% over the output at this time last year. The mines are working full time, but not full capacity, due to development work being carried on and, to a certain extent, shortage of labor

NEW TRUE FISSURE

From Our Own Correspondent

MONTREAL. — Montreal Curb Market announces the suspension of New True Fissure stock from trading pending receipt of satisfactory information from the company.

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New DAILY service to Miami.
Every 3rd day, to St. Petersburg. 1½ hours faster to Miami—1 hour faster to St. Petersburg. Reserved seats for entire trip. Lv. Washington 7:45 P.M. Lv. N.Y. Penna. Sta. 3:30 P.M.

Beginning Dec. 15th
East Coast
ORANGE BLOSSOM SPECIAL
21⅔ Hrs., Washington to Miami.
The only, all-Pullman, Diesel-electric service to Florida's east coast. Club car, lounge car. Smooth riding. Lv. Washington, daily, 5:55 P.M. Lv. N.Y. Penna. Sta. daily 1:20 P.M.

Beginning Dec. 15th
West Coast
ORANGE BLOSSOM SPECIAL
NEW Diesel-electric service to Florida's west coast. 1½ hours faster to St. Petersburg. Reclining-seat coaches, Pullmans. Buffet-lounge car. Lv. Washington daily 6:10 P.M. Lv. N. Y. Penna. Sta. daily 1:30 P.M.

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War Metals—Aluminum

No Ore Mined in Canada But Cheap Power is Vital

This is the seventh in The Financial Post series of reviews of the war metals, with special reference to Canada's supplies.

Where is the world's aluminum produced?

Estimated world output of 561,000 metric tons of aluminum in 1938 came from the following countries:

	Metric tons
Germany	161,100
United States	130,100
Canada	*55,000
U.S.S.R.	43,900
France	43,000
Norway	28,000
Switzerland	28,000
Italy	25,800
United Kingdom	24,000
Japan	*13,000
Others	9,100

* Estimated.

* * *

Why is Canada an important producer?

There is no aluminum ore—bauxite—mined in Canada but it is not the location of bauxite, but availability of low cost power that determines location of an aluminum industry. Seven tons of raw materials plus power equivalent to 16 tons of coal are necessary to make one ton of aluminum. Naturally it is easier to transport seven tons of raw material than 16 tons of coal.

Cheap electric power is responsible for establishment of the aluminum industry in Canada. The two Canadian smelting plants of Aluminum Co. are situated close to the sources of both electric power and cheap water transportation.

* * *

Where does Canada get its raw material for aluminum production?

From British Guiana.

Aluminium Ltd. owns and controls extensive reserves there. It operates a $3 millions drying and concentrating plant. United States produces a considerable tonnage of bauxite and perhaps some lower grade deposits could be found in Canada.

* * *

Where is aluminum produced in Canada?

All Canada's aluminum is produced by two smelters of Aluminum Co. of Canada, a subsidiary of Aluminium Ltd. These smelters are located at Arvida, on the Saguenay River and at Shawinigan Falls, both in Quebec. In 1938, additions were completed to these plants to provide for fabrication of hard alloys used in manufacture of airplanes and other products where strong light-weight material is required. A $7 millions expansion programme of Aluminum Co. of Canada now under way involves further expansion of the Arvida and Shawinigan plants and construction of the new Kingston plant, exclusively a fabricating plant.

* * *

What are the chief uses of aluminum in wartime?

The greatest single use in wartime is in manufacturing airplanes. Nearly 85% of all the material going into "all-metal" aircraft is aluminum alloys. Aluminum lends itself admirably to framework, wings, spars, skin coverings, propellers, etc., and is also used in airplane engines for pistons, manifolds, crankcases and cylinder blocks.

Aluminum is also important in manufacture of mechanized equipment especially where light weight is important. Automobiles and motor trucks make a wide use of aluminum alloys, particularly in engines.

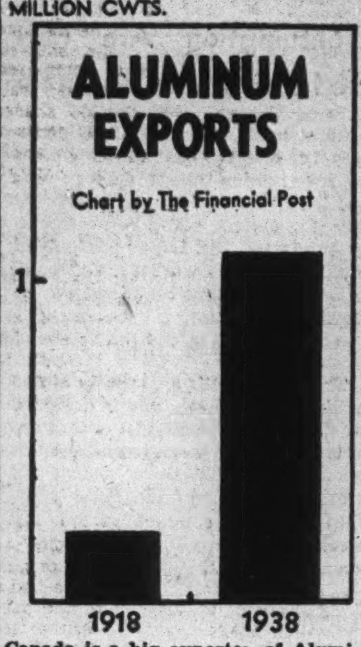
* * *

Is war likely to increase the demand for aluminum?

War has already stepped up aluminum demand tremendously. In England almost the whole output of aluminum is now devoted to war needs. One large English firm, the Northern Aluminum Co. reports "During the present emergency we have been compelled to devote the whole resources of our organization to war service requirements with the consequent restriction of the range of alloys available. Until further notice, therefore, we regret that it will not be possible to fulfill ordinary industrial contracts."

As Canada is the Empire's largest aluminum producer, increased United Kingdom orders are sure to come to Canada. Of 58,717 metric tons of aluminum exported from this country in 1938, 30,765 tons went to the United Kingdom.

To be able to meet this increased demand the big new aluminum plant is under construction at Kingston, Ont. to be ready for production in May 1940.



Canada is a big exporter of Aluminum today.

* * *

Germany is not self-sufficient in either nickel or manganese, two of the alloy metals used to give aluminum strength and hardness. If Germany is unable to secure proper alloying metals, much of her aluminum productive capacity is likely to become valueless. Russia may be able to help in supplying some alloy metals.

Germany purchases almost her entire requirements of bauxite outside her own boundaries. Because of the blockade, it will probably become increasingly difficult for her to finance large purchases of bauxite. The British may compete in the German sources of supply, perhaps offering more than the world market price to keep Germany from getting supplies.

* * *

Where does the world get its bauxite requirements?

Although aluminum is the third most common element in the world, production of bauxite, the present source of aluminum, comes from a relatively limited number of countries. Output in 1938 was as follows:

	Metric tons
France	682,440
Hungary	540,717
Jugoslavia	396,368
Italy	383,000
Dutch Guiana	371,632
United States	329,015
British Guiana	*305,533
U.S.S.R.	*230,000
Netherland India	*198,970
Greece	*187,412
Johore	*19,305
Germany	*18,212
British India	*15,393
Brazil	12,928
Roumania	*10,701
Australia	*7,890
Indochina	*7,000

* Figures for 1937; latest available.

* * *

What is the difference between aluminium and aluminum?

There is no difference. Aluminium is just an alternative name for aluminum.

The term aluminum is used commonly in both the United States and Canada. In Great Britain, it is more usual to hear aluminium.

War Will Add Prestige To Gold—Morgenthau

Is the United States going to lower the price of gold, or stop buying all gold offered?

Gold is such an important commodity to Canadian economic life that many have been wondering if war, depreciated currencies, etc., are likely to change America's gold purchase policy.

Senator Arthur Vandenberg, probable Republican nominee for the presidency, asked those questions of Henry Morgenthau, secretary of the treasury, last week.

Gold will come through the war period with enhanced prestige. There is no thought of lowering the price of gold since such a step would have catastrophic effects for United States. Equally serious would be a policy restricting gold purchases. Such was the Morgenthau answer.

The Secretary's reply, in part, was as follows:

Gold Best Form

"This war demonstrates, if any demonstration were needed, that gold constitutes the best form in which foreign exchange resources can be held. Even under the most difficult conditions of war, belligerent governments which possess gold can buy with it anything that is for sale.

"The new situation in world trade brought about by the war in Europe will, of course, introduce some changes in the distribution of gold among the nations of the world. Belligerent countries will probably lose gold, but numerous neutral countries, which now have little gold, may be put in a position to increase their holdings as a result of improvements in their trade balances. As a consequence the war may well have the effect of using wider distribution of gold among the countries of the world. Such an increase in gold holdings by many countries would give more countries a stake in the continuation of gold as a medium of international payments. The gold producing countries, of course, including the British Empire which produces half the world's gold, will continue to have a vital interest in the use of gold as a monetary metal."

To Get Added Prestige

"These considerations, as well as others, indicate that gold will emerge from this disturbed period with added prestige as the international medium of exchange.

"You raise the question of the advisability of reducing the price of gold 'for the period of the war.' Any substantial change in the price of gold which is known to be temporary would have seriously disrupting influences on trade and international capital flows. It would introduce a still greater risk element in business relations with foreign countries, and would, moreover, increase world speculation in dollar exchange.

Reduce Flow to U. S.

"The specific effect of the recent depreciations of foreign currencies would clearly seem to operate in the direction of a reduction in gold offerings (to the U. S.). Depreciation of foreign currencies vis-a-vis the dollar means that American goods and services are less attractive to the foreigner because he must give more of this own currency in exchange for a dollar's worth of merchandise than formerly.

"In other words, the depreciation of foreign currencies is a factor which operates in the direction of increasing our exports to and increasing our imports from the countries involved. Thus the effect of the change will tend to reduce our favorable balance of trade and, consequently, such inflow of gold as may be attributable to our export surplus."

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Canadian Malartic Shows Lower Operating Profits

Operating profit of $114,825 was realized by Canadian Malartic Gold Mines in the three months ended Sept. 30, 1939, against $144,534 in the same period of 1938. Figures are before taxes, depreciation and deferred development.

Lower operating profits in 1939 were due chiefly to a decline in total production to $269,985 in the Sept., 1939, quarter compared with $309,824 in the same period of 1938. Tonnage milled was slightly higher in 1939, at 63,561 tons against 60,732 tons.

A new ore body reported in the half-yearly statement has now been opened up for 150 ft. at the 750-ft. level averaging 0.133 oz. gold across 30 ft. On the 875-ft. level, length is 350 ft. averaging 0.156 oz. across 30 ft. Crosscutting for drilling this ore at depth is under way. The new No. 3 shaft has been completed to 640 ft. with four levels.

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Mining Concentrates

Arntfield Gold Mines has secured shareholders approval to increase in authorized capital from 3 to 5 million shares. A 95% discount by-law on share has also been approved. Capital increase will provide funds for the programme of development outlined by Dr. J. E. Gill. Mr. Gill has recommended a geological survey and drifting east 500 ft. from the No. 3 shaft at the 975-ft. level to test downward extension of two ore bodies, and for drilling below the level. It is proposed to continue No. 2 shaft 450 ft. with a new level at 1,000 ft. Surface drilling is also recommended.

* * *

Central Zeballos Gold Mines is expected to commence production next December. Funds for mill construction have been supplied by Reno Gold Mines. Production is expected to run $25,000 monthly. Reasonably assured and probable ore reserves are estimated at 10,000 tons grading 0.8 oz. gold per ton.

* * *

Canadian Malartic Gold Mines has declared a dividend of 3 cents a share payable Dec. 15, to shareholders of record Nov. 8. Similar amounts were paid on Mar. 22 and Aug. 4 of this year.

* * *

Dawson Gold Mines optioned 1,999,995 shares to S. C. Sterling on Sept. 28 as follows: 500,000 shares at 10 cents payable by Oct. 1, 1940; and balance at 15 to 40 cents payable $10,000 monthly commencing Nov. 1, 1940 for 12 months and then $15,000 monthly. Authorized capital is 3 million shares with 934,681 shares issued.

* * *

Edgemont Mines optioned one million shares to D. J. Finlayson on Oct. 19 as follows: 50,000 shares at 5 cents a share payable within 20 days; 110,000 shares at 5 cents, 140,000 shares at 8 cents and balance at 13 to 40 cents a share, payable $2,500 within 60 days and balance at $2,500 monthly.

* * *

Island Mountain Mines has delayed declaration of its second interim dividend for 1939 a few weeks, due to necessity of giving 30 days' notice to the Foreign Exchange Control Board, as major part of distribution goes to the United States. Declaration will likely be made toward end of November. A dividend of 8 cents a share was paid May 15.

* * *

International Mining Corp. reports net asset value of 516,973 shares outstanding on Sept. 30, 1939, at $5,856,446, equal to $11.32 a share. While net value is not necessarily realizable value, allowance of $188,031 has been made for estimated Federal income tax. As at Sept. 30, 1939, cash and receivables amounted to 9.97% of net assets, 58.45% was in listed securities at market value after Federal income tax, 30.23% was in unlisted securities and ventures at cost less reserve and balance of 1.35% in deferred charges. Market value of unlisted securities was $44,950 in excess of cost. All remaining share purchase warrants expired on Sept. 1, 1939.

* * *

Jerome Gold Mines, in Opeepeesway field reportedly has revealed ore of higher grade in lateral development than disclosed by diamond drilling from surface. Opening up of three levels, at 200, 350 and 500 feet is proceeding, bringing the question of a mill nearer decision. It is stated that with better grade ore coming into the picture, average for the mine under milling could be raised materially from the $5-$6 proven by drilling. Crosscutting and drifting have been under way since August. If the mill size is settled soon machinery and equipment would be taken over the winter road, which saw a huge tonnage of mining material and supplies handled last winter.

* * *

Matachewan Consolidated Mines reports increases in both net income from production and estimated total profit in the September quarter of 1939 as compared with the same 1938 period:

Estimated Earnings
Three Months Ended Sept. 30

	1939 $	1938 $
Net inc. from prod.	a218,647	211,274
Less: Devel. & oper. exps.	144,448	155,125
Est. oper. profit	74,199	56,149
Add: Non-oper. inc.	......	......
Est. total profit*	74,199	56,149
No. of tons milled	37,734	39,008

*Before taxes, depreciation or deferred development. aIncluding $6,167 due to increased price of gold.

* * *

McKenzie Red Lake Gold Mines reports production of $750,513 for the nine months ended Sept. 30, 1939. Operating costs for the same period are estimated at not over $350,000, exclusive of taxes and depreciation. The winze has now been completely equipped to serve the four new levels below 850 ft. On the 1,250-ft. level the crosscut has encountered the first hanging wall shear and drifting has commenced. Several short ore sections have already been exposed on the 1,050-ft. level. Two new hanging wall veins have been indicated by diamond drilling on the 750-ft. level. One has been drifted on for 130 ft. northerly with the face in ore. Details of work in the three months ended Sept. 30, 1939, follow:

Summary of Operations

Total ore hoisted, tons	21,950
Low grade ore sorted, tons	3,640
Tons of ore milled	18,310
Aver. grade of ore milled, oz.	0.386
Percentage extraction	97.6
Value of bullion produced	$253,418
Average recovery per ton	$13.84

* * *

Morris Kirkland Gold Mines has had 100,000 shares underwritten at 5 cents a share and has granted options on 300,000 shares at prices ranging from 5 to 10 cents a share, exercisable by Feb. 1, 1940.

* * *

Porcher Island Mines, subsidiary of Reward Mining Co., is stated to be in bankruptcy. Operations were suspended the beginning of the month and bondholders have placed a watchman in charge of the property. Outstanding liabilities are reported at $37,849 to preferred and ordinary creditors and $100,000 in first mortgage bonds issued to finance the 75-ton mill.

* * *

Reno Gold Mines has resumed milling Oct. 10, shareholders were informed at the annual meeting. Main ore supply will be drawn from the Motherlode ore body, for the present, but the Bluestone vein will be linked with the tramline within six weeks. This will allow some ore to be taken from the new section.

* * *

Rahn Lake Mines Corp. reports its new asbestos mill in operation. Shipments are expected to commence Nov. 15, barring unforeseen delays. Orders are already on the company's books. First shipments are to be made under a two-year contract for a considerable portion of anticipated output. Mill has a rated capacity of 200 tons of asbestos-bearing rock daily and recovery of 25% asbestos fibre is anticipated. The property is in the Matachewan area. The mill at Elk Lake is reached by rail.

* * *

Slave Lake Gold Mines has received payment for an additional 25,000 shares at 5 cents a share, the final block of 100,000 underwritten and due Nov. 11. Balance of agreement comprises option on 1,470,000 shares at 6 to 50 cents a share.

* * *

Sanymac Mining & Development Co. sold 10,000 shares to Mill Producers Ltd., on Oct. 1, payable within 30 days, and granted options on 890,000 shares as follows: 290,000 shares at 5 cents a share payable within eight months with balance at 7½ to 70 cents per share payable within 18 months. Authorized capital is 3 million shares with 1,300,000 issued.

Mining Enquiries

Wingold

What has happened to Wingold?

Last February, shareholders of Wingold Mines granted an option on five claims to San Antonio Gold Mines for 75,000 San Antonio shares, 30,000 to be paid immediately and the balance before May 27, 1941. The balance of the company's claims were sold to Forty-Four Mines, for 400,000 shares of that company. The Forty-Four company's property is being explored by San Antonio Gold Mines from its workings.

Authorized capital of Wingold is three million shares of which 2,300,000 shares have been issued.

Chromium M. & S.

Has Chromium Mining & Smelting Corp. commenced production of chromium yet? Is it true that chromium may prove valuable in wartime?

Chromium Mining & Smelting Corp. has commenced production of Chrom-x and the first carload has been sold to Algoma Steel Corp. This indicates a market for the product in Canada. Previously small shipments were made mainly for test purposes and gave satisfactory results.

The company has been experiencing the mechanical difficulties usual to a new plant but it is understood these are now being smoothed out. Nothing has been announced as to anticipated profit. When financing was carried out, the company estimated earnings of the new plant would be $250,000 per annum before interest and taxes but after depreciation. Allowing $50,000 for interest and taxes, $200,000 per annum would be available for the common stock or approximately 6 cents a share.

Chromium is a valuable mineral in wartime and Chromium Mining & Smelting Corp. has been in close touch with the British Government regarding its production.

Sudbury Basin

As a holder of shares in Sudbury Basin Mines purchased at much higher levels, I would appreciate your comment on the present position.

While Sudbury Basin Mines would ordinarily be expected to benefit in wartime from improved demand for base metals, the fixing of prices of copper, lead and zinc, has removed a certain part of the speculative interest.

Probably the chief asset of Sudbury Basin is its holding in Falconbridge Nickel Mines in which it has approximately two thirds of a Falconbridge share for each Sudbury Basin share issued.

No work has been done at Sudbury Basin's property in the Sudbury area for many years but it is known to possess considerable reserves of lead-zinc ore. With higher base metal prices work would likely be resumed here. During the past year, Sudbury Basin has been assisting in the financing of La Luz Mines. With this big capital expenditure now out of the way, Sudbury Basin can devote more of its income to the payment of dividends.

Halliwell

I hold shares in Halliwell Gold Mines for which I have been unable to find quotations in your paper recently. What is the outlook?

The outlook for Halliwell Gold Mines appears none too bright. Following disappointing results at its own property in Beauchastel township, Quebec, the company had over $200,000 remaining in current assets. This money was used for financing various projects such as Morris Kirkland Gold Mines and Dumico Gold Corp. It is understood both options were dropped with Halliwell retaining shares in each company.

If the market for mining shares generally recovers, chances of Halliwell developing into a successful mining promotion company would be much better. Brokers inform us that there is no market for the stock just now.

Obalski Ore Tests Better Mill Decision is Mooted

Following further ore tests, Obalski Mining Corp. is now envisaging production from its Cache Bay property. Mill feed will come from all three veins, according to plans. Original tests indicated only ore from "D" vein could be treated but now a 17:1 concentration for all veins is considered possible. Concentrates should assay 2½ oz. gold and 20% copper, it is stated.

Tests are being carried out to determine if a simpler method of treatment than cyanidation can be employed.

N. A. Timmins (1938) Ltd. did 7,658 ft. of further drilling in 1939, under its option. Tonnage now indicated by drilling is estimated at 79,300 tons in "D" vein and 28,000 tons in "C" vein, to 600-ft. depth, all averaging one half oz. gold per ton. "A" vein has 66,000 tons averaging 2.76% copper and $9.97 gold to 350-ft. depth.

Costs of development to 1,000 ft. and mill construction are estimated at $400,000.

Hudson Bay Mining Profit $1.33 During Nine Months

Estimated earnings of $3,656,336 or $1.33 a share are reported by Hudson Bay Mining and Smelting Co. for the nine months ended Sept. 30, 1939. This profit is after all operating and administrative charges, depreciation and income tax but before allowance for depletion.

During the first nine months of 1939, 1,259,761 tons of ore were put through the company's mill. Effective Sept. 25, 1939, the rate of mining and milling ore was increased to 5,000 tons daily, the company states.

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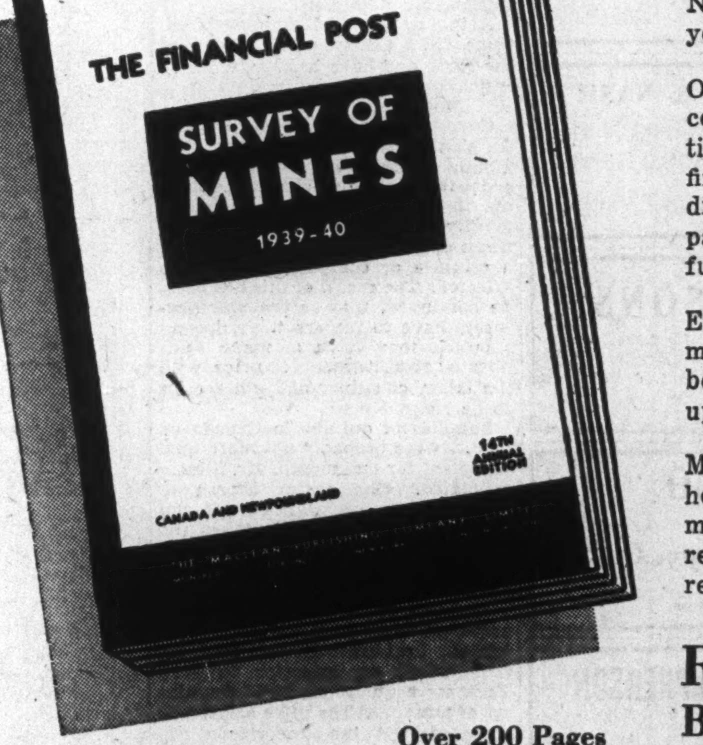

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Joseph Simard Consolidates Many Interests At Sorel

From Our Own Correspondent

MONTREAL. — Sorel Industries Ltd. has been set up by Joseph Simard and his associates to take over Marine Industries Ltd. and the Sorel Steel Foundries. Authorized capital has been set at $10.5 millions, divided into 100,000 shares of 5% cumulative preferred of the par value of $100 each, and 500 shares of no par value common. None of the shares will be placed on the market.

Under the incorporation the company is enabled to operate in all branches of the iron and steel business. This is specified to include arms, guns, munitions, explosives, ships and vessels, gun carriages, trucks, tanks, tractors, motor vehicles, airplanes and engines.

Marine Industries recently came into prominence on the announcement that it had received a contract from the British Government for the supply of 25-pounder field guns.

Originally it was formed to carrry on dredging and tug boat cperations along the St. Lawrence. It took over all the equipment formerly operated by the Dominion Government

CHARTERED ACCOUNTANTS

BUSINESS HEALTH

A healthy and successful business requires able and well-informed management.

While no accounting system can take the place of business acumen or ability, the ills and disorders of a business are more often than not hidden and may not be cured without proper examination and diagnosis. The X-ray which a physician uses will not mend a fracture or remove a source of trouble, but it will often give the physician that exact knowledge which will permit him to diagnose correctly and apply the remedy.

Accounting is the X-ray of business. It will make plain the facts, expose the weaknesses and suggest new avenues of progress. The alert business man, the able manager, will see to it that he is assisted by this means.

The chartered accountant, in consultation and advising on business problems, fulfills his most satisfying and perhaps most effective rôle.

One of a series of brief discussions of the work of the professional accountant.

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Higher Prices In Drug Trade Result of War

Wholesale and Retail Stocks Smaller Than in 1914

EXCHANGE IS FACTOR

As in other branches of business, war has brought special problems to the drug trade. These include interference with supplies, resulting in some cases in actual shortage, sharp price advances and a flurry of buying by retailers, which later subsided.

Owing to increased buying by druggists in the first few weeks of September, while consumers generally took only their normal requirements, retail stocks are larger than usual. This may relieve the shortage in wholesale circles in some cases, Gordon A. Slemin, general sales manager of the National Drug & Chemical Co. of Canada, told the Advertising and Sales Club of Montreal recently.

Different From 1914

The present situation is quite different from that of 1914, he stated. Stocks then, in both wholesale and retail establishments, were considerably larger than now.

"In those days," he explained, "buying was done on a longer-range scale. The druggists were not frightened, in fact, we had no difficulty in convincing them that they should lay in extra stocks of goods likely to be short later on. Not till eight months after did the trade wake up and then they came to us with such a tremendous demand for goods that prices went higher than a kite.

"On this occasion, however," he proceeded, "the hand-to-mouth policy of buying in recent years caught the trade with low stocks—and the threatened shortages became at once evident."

Cod Liver Oil

Among important products in the wholesale drug trade he mentioned cod liver oil, which he said had risen 80% in price since Sept. 1. With Newfoundland output dwindling to a low point in recent years, production had passed largely into the hands of Norway and Great Britain. Despite the fact that Norway had an unusually large yield this year and a good carryover from the previous year, she immediately forbade export except by license. Cod liver oil, Mr. Slemin pointed out, is an important nutrition and health product.

Castor Oil for Airplanes

Another product he named which had become scarce and high in price was castor oil. It comes almost entirely from India. Known to most people for its medicinal properties, it is also a vital war material, being used for the lubrication of airplane engines. Britain accordingly forbade export except for a few small shipments. "Today, we learn," he said, "that an importer who scoured New York for it could only locate two tons and the price soared 125% over pre-war quotations."

Boracic acid, however, was a case of false alarm on the part of the druggists who recalled their experience in the previous war, when this commodity was imported. It is now, according to Mr. Slemin, produced in large quantities in the United States and can be obtained without difficulty. There has accordingly been no change in price.

Salts, Olive Oil

On the other hand, Epsom salts, produced cheaply in Germany, is an item not easily obtainable from other sources. When shipments from Germany were cut off, there was a severe shortage. Present quotations are just double those of a month and a half ago.

In the case of olive oil, when war broke out, both druggists and consumers rushed to buy; the supply was cut off and what little can now be obtained costs nearly 150% more than before September.

Actual drugs, Mr. Slemin declared, come from nearly every corner of the earth and have been affected by restriction of ocean shipping.

Manufacturing Conditions

Conditions in the manufacturing division of the drug business, Mr. Slemin stated, were much more acute than in the wholesaling. Some of the raw materials increased greatly in price, others not. Sometimes only one or two ingredients of a mixture or compound have been affected. The result of this has been, he continued, that as the manufacturers have to replace their present supplies, they have to make complicated readjustments in price, with the labor, container and other costs to be figured out.

Supplies of quinine in Canada on Sept. 1 were probably not more than sufficient for one month, Mr. Slemin estimated. One major source of supply was immediately cut off, and prices went up to three times the pre-war figure. Armies need quinine as much or more than the civilian population and they come first.

Mercury was cited as another example of what the drug trade is up against. Just recently, he stated, his firm wired an importer in New York for a quotation on 75 containers of mercury. The price asked was accepted, but the importer wired again that the price had been raised approximately 20%. Another acceptance was wired. But this was followed by further increases until, before the deal was completed, the price had advanced to more than double the original figure and the quantity which could be obtained was only one third of the original quantity asked.

Fine Chemicals

On the other hand there have not been any such shortages or price advances in many fine chemicals, according to Mr. Slemin. Since 1914, the United States and Canada have learned to produce these, instead of relying disastrously on foreign supplies.

"We can get what we need from below the border, where we do not make them in Canada," he added.

In goods handled on an agency basis, international exchange has been the biggest factor.

For instance, in the case of Gerard soap, which is brought in from England, contrary to general expectations, supplies were not shut off. An order by Mr. Slemin's company for a half year's supply was recently accepted by a British firm, and the goods were delivered. While the manufacturer's price had been advanced and war risk insurance added to the cost, the favorable rate of exchange enabled the goods to be laid down in Canada, at the pre-war rate.

Imports From U.S.

In the case of goods coming from the United States, however, exchange operates the other way. Not only is the price higher owing to the exchange, but the duties have to be paid based on a higher customs valuation.

"In practically all cases in which we can get the goods," Mr. Slemin stated, "the only difference in prices is due to this exchange. If we can obtain goods from British producers at favorable terms, we shall help to maintain this British market for the aid of the Old Country."

Few War Orders So Far For B.C.

Provincial Government Places Contact Man at Ottawa

From Our Own Correspondent

VANCOUVER.—With the exception of a few small orders for boots and military uniforms, practically no war contracts have been placed with British Columbia companies, and industrialists here feel that unless a closer contact is established with Ottawa business will continue to be slow in coming west of the Rockies.

The British Columbia Government has appointed W. Lloyd Craig as a sort of liaison man to represent this province's industries in the federal capital, and he has now established himself in offices there.

It is the general expectation that, apart from supplying lumber and metals, canned salmon and to some extent fruit, British Columbia's major contribution to war industry in Canada will be in shipbuilding and possibly aircraft production. But no move in the latter direction has so far been made.

Entertainment From Germany

Broadcasts for Canadian Consumption Are Far-Fetched Nonsense

In Germany it is a capital offense to listen to a foreign broadcast. If a Canadian wants to listen in on a German broadcast there is nothing to stop him. But it may be a dangerous thing to do. He is apt to die laughing.

He will hear a mixture of bloated lies and distorted facts. So incredibly fantastic is the whole performance that it becomes easy to understand why British and French soldiers near the front lines are encouraged to listen to the German radio. Nothing they hear will carry any conviction to them except that they are fighting a regime that has no scruples about the truth.

Jim and Johnny

Once a week the German wireless broadcasts in English a programme it calls "Jim and Johnny." It purports to be a conversation between an Englishman and a Canadian. Always, according to the programme, the Canadian has been swallowing the "big lies" of the Canadian press, Mr. Chamberlain, Mr. Churchill and the Ministry of Information. And each week the Englishman lets him in on the "real truth."

More amusing than irritating, the broadcast is notable for the bold mendacity of its commentary.

Unfortunate Quebec Timing

In the last broadcast the "Englishman" asked, "What's this I hear about a movement to take Canada out of the war?"

"That started in Quebec. At first I thought it was just a bunch of French Canadians, but now it is sweeping the country," said the "Canadian," whereupon he announced that Quebec cabinet ministers had sent a telegram of congratulations to Hitler on his last speech!! (Unhappily, the effect of that startling piece of information about Quebec was spoiled by the news coming that very day that Quebec had overwhelmingly supported the Lapointe-Godbout plea for unity in wartime, a piece of news that was not broadcast on the German wireless.)

Plenty of "Hells"

The broadcast is apparently aimed at the United States and is designed to show that the English and Canadian people are unenthusiastic about a war that their leaders are "forcing" them to fight. Here is another sample comment from last week:

Canadian: "I hope we can get out of this war. I am damn well fed up on it."

("Damns" and "hells" are frequent. Herr Goebbels thinks the Canadian manner of speech can best be simulated by a nasal twang and lots of swear words.)

Another sample:

Englishman: "Did you see where old General Johnston has been telling Mrs. Roosevelt a few truths."

Canadian: "Yes, and, boy, did he give her hell? My gawd!"

A big item of "news" was that William Griffin, editor of the "New York Enquirer," had just entered a slander writ against Mr. Churchill. (Actually such a "slander" suit was entered on Sept. 8 last as a publicity stunt and has since been forgotten.) But on October 26 the German radio announced the "suit" and added:

Englishman: "I guess old W.C. wants his words forgotten. He gave an interview to Griffin and now he swears he never invited Griffin to see him, never talked to him, never heard of him and never met him."

The "Athenia" Again

The "affidavit" of one Gus Anderson (called "a good old citizen of Illinois") that the Athenia was blown up in an internal explosion of munitions it was carrying, made a juicy bit of conversation between Jim and Johnny. Conversation went something like this:

Englishman: "And have you heard the latest about the Athenia?"

Canadian: "You mean that boat that was torpedoed?"

Englishman: "Torpedoed! Wake up, man. The Athenia was not torpedoed. That dream is out."

(Business of reading from Anderson affidavit telling how boat was blown up at 5 or 6 in the afternoon just when Anderson was sitting down to dinner and then floated around for 14 hours until it was "shot to pieces" by three British destroyers.)

A Guessing Game

Englishman: "Now, isn't there something funny about that? They worked for months and months to try to raise a submarine that went to the bottom but they did not even try to tow the Athenia to shore. I have my ideas on that subject."

Canadian: "Tell me, what do you think is the reason?"

Englishman: "No, you'd better guess for yourself. I dare not tell you; that would be treason. But you can guess for yourself why old W.C. didn't want the Athenia floating around."

Canadian: "But what has Canada to do with all this?"

Englishman: "Well, doesn't Canada get its news from Mr. Churchill?"

Canadian: "So we do. And I'm getting damn well fed up on this news from England. If we have a responsible government in Canada it ought to be giving us the truth. It should ask some questions in London and if it does not get the answers it wants we ought to get out of this damn war. We hear something from London and three weeks later we find it was all a pack of lies."

Englishman: "Well, I've got to be toddling along. Meet me at the same place same time next week and I'll tell you some news from South Africa that old man Chamberlain isn't going to like."

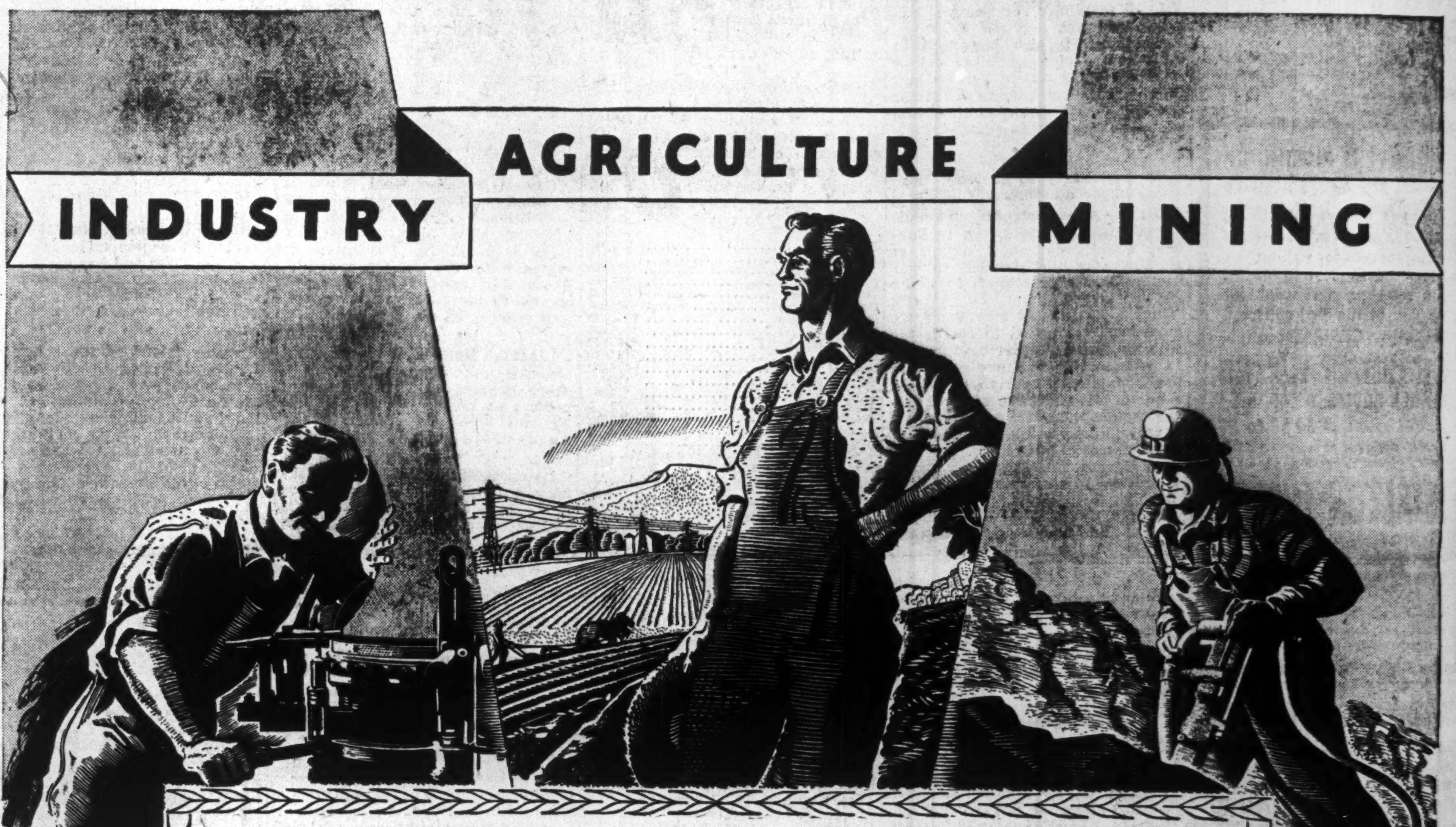
Fantastic Lies

"Jim and Johnny" programme, with its fantastic lies about Canada follows the German news broadcast once in a week. Here is a sample of the "news."

"Mr. Duff Cooper today announced that the first of Britain's war aims is the restoration of the three Central European monarchies, including the Hapsburgs in Hungary."

But after all, the broadcasts set a new high in stupidity. No sooner had the broadcaster cited Duff Cooper as the official spokesman of British war aims than he went on to quote Duff Cooper as being entirely out of sympathy with the present British Government. "As a result of what he said about Mr. Chamberlain, Mr. Duff Cooper is now out of a job," it was announced.

And so, in Nazi propaganda, a man who is "out of a job" is the real authority on British war aims!!



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